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23 June 1982

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No. 2568

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INTER-ARAB AFFAIRS

UNIFIED ARAB STRATEGIC PLANNING DISCUSSED

Beirut ISTIRATIJIYA in Arabic No 4, Feb 82 pp 34-37

Article by Lt Col al-Haytham al-Ayyubi: "Whom Is the Strategy Against, and What Is the Objective Which It Seeks to Achieve?"

[Text] First the Arabs Must Agree On a Concept of National Security and the Actual Dangers Which Threaten It.

It Is Not Possible to Formulate an Arab Strategy Against the Zionist Entity Unless It Is Also Directed Against the U.S.

Elimination of the Consequences of the 1967 War Could Constitute an Interim Objective Which Could Be a Starting Point for the Strategy of Total Liberation

During all of the talk about building an Arab strategy and the efforts which have been made, and are still being made, to formulate the bases of a strategy which guarantees that [all of the Arab nations] jointly deal with the existing situation, we must remember one basic fact which for so long has been ignored, obscured, or pushed aside during the strategic talks (which, in practice, are deprived of strategic depth). This basic fact is that a united overall Arab strategy is nothing more than a means of achieving the mobilization of the (economic, political, military, and intellectual and spiritual) forces of the Arab nation which are available--or which are expected to be available--and to then develop them and utilize them--or threaten to utilize them--for the purpose of achieving an objective which is in conformity with the requirements of Arab national security and higher Arab interests. Today, more than ever before, we should go back to the essence of the matter before plunging into activity concerned with ways of dealing with it or providing for its requirements. That is, we should go back and determine our objectives. After that we can proceed to the steps which emanate from the objective, which are influenced by it, which reflect its characteristics, and which have their influence on it. The objective is the cornerstone of the overall strategic structure. The strategy is built in order to achieve the objective, and it is from the scope of the objective and the nature of the forces which must be overcome in order to arrive at the

objective that we determine the range of the strategy, its spheres of activity, and the nature of the forces and means utilized to carry it out. Also, it is from the time-frame available for achieving the objective that we outline the successive and escalating phases of the execution of the strategy as well as the methods of carrying out the strategy, means of mobilizing forces, means, and weapons [~~to carry out the strategy~~], and the utilization of the strategy.

Just as the objective is reflected in the formative elements of the strategy in its various stages, beginning with the formulation of the theoretical principles of the strategy and ending up with the preparation, mobilization, and utilization of the forces in the conflict, the formative elements of the strategy also influence the formulation of the objective as well as its rationalization and passage from the realm of abstract aspirations at the realm of possible aspirations, or the expansion of its level from being one of limited possible aspirations by means of temporarily available forces to one of broad possible aspirations based on the existence of latent forces which can, in practice, be unleashed and mobilized both in the immediate future and in the long run.

The clarity of the objective, as well as adherence to it and moving in the direction of the objective during the various phases, is the only guarantee of the soundness of the process and constitutes the barrier which will prevent slipping into the nebulous area which exists between tactics and strategy. This will enable the maintenance of momentum and direction when confronted with the necessity of executing zigzag movements or intentional flanking movements, and, in the end, will meet the requirements of the basic principle which is as follows: "Firmness and continuity in strategy, and utmost flexibility in tactics." In addition to this, tactics should not predominate over strategy, nor should they be converted into strategy.

These given factors impel us to confirm the fact that the primary task for those who aspire to formulate a united overall Arab strategy is to determine a single objective, the achievement of which would serve Arab national security and higher Arab interests. This is something which makes it a requirement to, first of all and before anything else, arrive at an agreement concerning the concept of Arab national security, the real dangers which are threatening it, and the nature of both current and future higher Arab interests. The reason for this is that agreement concerning these points of principle will lead to a unified view of the objective and will make the job of discussing the formative elements of the strategy which will achieve that objective a job which is merely one of procedure. The purpose of it would be to enumerate the forces and means available or those which could be made available by means of a mobilization, and to compare [~~available~~] capacities and resources with the objective and the obstacles which stand in the way of achieving it--the purpose being to rationalize the objective, divide the path toward it up into phases, and determine the forces, means, and methods to be utilized in each phase. All of this is in order to, in the end, settle on the maneuvers and tactics which will be used within the strategy without their taking the place of the strategy or making it impossible to pursue the objective of the strategy.

The really striking thing is that the appeal for building a united overall Arab strategy was, and still is, being made under circumstances of an absence of a unified concept of Arab national security and the dangers which threaten it--apart from the agreement concerning the nature of current and future higher Arab interests--and the appeal is jumping directly over to secondary matters (procedures) without dealing with the primary matter (the objective). According to this logic, many important slogans have been coined, and still are being coined, but they do not relate to the basic problem. Such slogans are, for example, "Arab solidarity," "joint [military] command," "security for South /Lebanon/," "the eastern front," etc.

Let us take, for example, the slogan "Arab solidarity," which is now being widely circulated and which some people consider to be the magic formula for escaping the current status quo in the Arab world which allows the Zionist state a large degree of freedom of movement politically, militarily, and psychologically speaking. This slogan represents a procedural step, the objective of which is to gather together and combine the efforts of all Arabs, but it contains no clear definition of the purpose of gathering together and combining these efforts. Is this to be done in order to combat the Zionist state, to check its aggression, and to put pressure on the international bloc of countries which support and encourage it and to threaten the interests of these countries? Or is the purpose of this to grant recognition to the Zionist state in return for a U.S. promise to convince the Israeli military to postpone its aggressive actions, to stop its excesses, or to give up some [of the territory] which it has occupied?

If this Arab solidarity is to be pursued in order to wage war, then it becomes necessary to know which war is to be prepared for by means of utilizing this solidarity. Is it to be a war of attrition in order to regain the Golan Heights, is it to be a defensive war in South Lebanon, is it to be a war which would reverse the consequences of the 1967 War, or is it to be a war--in which no quarter is to be given--between aggressors and those with a just cause, between two different cultures, and between two different worlds, in which each side is the antithesis of the other and totally rejects the other? In other words, we must determine whether or not the war is to take place within the limits allowed by the U.S. (bearing in mind that some of those calling for Arab solidarity are allies of the U.S.) or outside these limits, even though in the latter case this might lead to the intervention of the U.S. and to a clash with the U.S. at least in the economic arena.

If the solidarity is to be achieved for the sake of granting recognition to the Zionist state in return for U.S. assurances which would prevent Zionist aggressive actions, then what we need to do is to find out whether or not this recognition is a tactic which has been converted into a strategy or whether it is a strategy which has the objective of quieting things down in the Middle East and closing the ranks [of the Arabs] under the banner of the U.S. in order to deal with the Iranian, Soviet, or Ethiopian "threat" or any other so-called threat which is merely labelled as such by President Reagan's administration in its climate of war hysteria--with the result being that the Arab nation will have to shoulder arms to deal with it.

Whatever the case is, one should seek the objective of the strategy which solidarity is to be a means to achieve, one should determine the degree to which this objective coincides with the aspirations, national security, and higher interests of the Arab nation, one should determine the reasonableness of the objective in relation to the current, possible, and likely balance of forces, one should determine the interim objectives in connection with which efforts are to be utilized in order to achieve them consecutively and in succession, one should determine the prices which are to be paid during each phase, and one should seek to find out the degree to which they influence the terminal strategic objective which the Arabs so far have not agreed upon.

If we take any other slogan which has previously been uttered, or which is still being uttered--starting with "standardization of training and terminology," and ending up with "joint [military] command" and "a weapons industry"--we will find, after analyzing and studying the possibilities and the different [individual] cases, that the formulation of plans and execution of steps have been taking place without prior agreement among the parties involved concerning the objective of the strategy which presupposes that different individual jobs must be carried out within its framework and in order to promote the success of this strategy. The result has been that the effect of many good actions has been lost or else has been stymied at the half-way point whenever friction has first arisen among the parties concerned regarding the strategic objective.

From all of the above we can conclude that the vagueness which has enveloped the problem of determining the objective of this strategy has been the immediate cause of the weakness of the agreements and measures which have been made and taken in the name of this strategy, but which have not contained the essence of such a strategy. In order to avoid this chronic weakness in strategic planning, it is necessary to remove the cause of the weakness by means of agreeing on an objective which will rally the support of everyone and will serve the national interest of the Arabs and Arab national security. What are the objectives being proposed today, and what assessment can be made of them from the point of view of the aspirations, interests, and security of the Arab nation? At the same time, what possibility is there that any one of these objectives can rally the support of all of the Arab countries and thus actually serve as a starting point for the building of a united strategy?

#### Elimination of Zionist Aggression

One of the objectives brought up by the Arabs has been to fight Zionist aggression non-stop and without making deals, the view being that the Zionist presence is an illegal and imperialistic presence which has established its roots in Arab territory by force and can be eliminated only by means of using force.

This objective is in conformity with the interests of the Arab nation which the Zionist invaders came to help the forces of imperialism prey upon, after

which time their greed developed to the point where they began participating in the process of plundering and dominating the resources of the Arabs. This objective also coincides with the requirement of Arab national security in view of the fact that the Zionist state, which initially was a bridgehead which was encircled and threatened and thus required the protection of the West, expanded after the 1967 War, obtained better strategic depth, and developed its military power to the point where it has become a factor which is relied upon in the formulation of the strategy of the imperialists in the Arab Middle East.

During the initial years of the life of the state of Israel, it represented a threat to the Palestinian people and the Arab countries which bordered on the occupied territories. But this threat widened after the 1967 War, and during the period from 1967 to 1973 Israel came to threaten the hinterland of Syria, Egypt, Jordan, and Lebanon. Israel began threatening to use its long arm which was capable of striking at vital Arab objectives and destroying the oil wells in the Arabian Peninsula "in order to stop the oil-producing countries from helping the Palestinian Resistance movement." During this time Israel also asserted that it was necessary to attack Libyan territory "in order that the Libyan leadership not feel that it cannot be dealt a blow and that it is outside the scope of an [Israeli] attack." (These words were said by Gen (Yesha Jaritz) in an interview given to Israeli television on 13 November 1972.)

The October War on both the Egyptian and Syrian fronts represented a blow which put a halt to the escalation of the danger of Zionism and its extension into the hinterland of the Arab countries. But the Israeli threat has once again started to expand and escalate because the consequences of the October War were not utilized well, because Kissinger succeeded in nullifying the consequences of this war, and because of the deterioration in the balance of forces which was caused by al-Sadat's policy of retreat. This is what enabled Begin to make the decision to bomb the nuclear reactor in Iraq and is what impelled the Zionist minister of defense, Ariel Sharon, to say: "In the eighties, the range of Israel's strategic interests will extend not merely to the Arab nations which are located in the Middle East, around the Red Sea, and in the Mediterranean Basin. These interests should also include nations such as Turkey, Iran, Pakistan, and regions such as the Persian Gulf area, North Africa, and Central Africa" (from NOUVEL OBSERVATEUR, No 9, 15 January 1982). Because of this continuous and escalating expansion of the Zionist threat, the existence of Israel has come to be a threat to Arab national security generally, a threat to the national security of any Arab country which does not accept absolute Israeli domination, and a threat to the security of non-Arab countries which sympathize, or might sympathize, with the Arab cause. No Arab regime is now still able to use the pretext of its geographical distance from Israel to content itself with playing the role of a nation which merely provides support [to Arab nations which are actually fighting Israel] because the Zionist state has forced many such regimes to choose between either becoming confrontation states (against their will) or accepting the peace imposed by the Zionists and Americans (against the will of their peoples).

However, the choice of this objective as a basis for building a united overall Arab strategy means making the decision to confront the U.S. which has changed from being the guarantor of the security of Israel, during the early fifties, to being the guarantor of not only Israel's security, but also its territorial expansion, after the 1967 War. Then when Reagan came to power, the U.S. became an ally which adopted Israel's concept of security which calls for Zionist policy to become the only policy followed in the Middle East, with this policy being reinforced by military strikes, the annexation of territory, and the maintenance of Israel's nuclear monopoly and conventional [military] superiority.

Taking the decision to confront the U.S. is a matter which is of extreme importance. This is because this would add oil to the arsenal of Arab weapons utilized in the conflict, would transform Arab assets, wheat, and technology into weapons in the hands of the U.S., would change the [currently valid] equations radically, would give the conflict a radically different nature and form, and would contribute toward clarifying the image of the real enemy who has been hiding behind the local enemy. However, a political decision of such significance requires a political climate which currently does not exist and which is not expected to exist in the near future in a number of Arab countries, especially the countries whose regimes consider that an alliance with the U.S. is a basic guarantee of their security when dealing with the winds of change or as a means of obtaining indispensable economic aid.

The fact is that these regimes, ever since the 1967 War, have been experiencing a particular crisis which the U.S. and Israel have been contributing toward intensifying. They are regimes which are hostile toward Israel from the national, religious, and cultural point of view, and they really wish to liberate Jerusalem and to save the Palestinian people from their condition of being a dispersed and subjugated people. But they are not able to increase their degree of hostility to Zionism to the point where they would clash with the U.S. because a clash such as this would deprive them of the basic foundation for their survival and would force them to cooperate with the Soviets--at least in the field of armaments--and dealing with the Soviets is something which is in conflict with their fundamental positions and their own interests. This inherent contradiction and their hostility to both the Soviets and Zionism have been the source of their political policy which has been embodied by their attempt to compete with Israel to occupy the position of the U.S.'s most favored ally in the Arab Middle East. Their standpoint is that if they succeed in this competitive contest (via hostility to the Soviets, combatting radical ideas, investing capital in the U.S., following an oil policy which protects the capitalist economy from crises, etc.), this will, in the end, lead to depriving the Zionist state of absolute U.S. support and will make it possible to confront the Zionist state without having to confront the U.S. or seek aid from the Soviets.

Thus we see that there are two different policies among the Arabs for pursuing the objective of mercilessly combatting Zionism until Zionist aggression is liquidated. According to one of these policies, it is necessary to resolve the conflict with Zionism by means of a united Arab force, even

though this might lead to an inevitable clash with the U.S. According to the other policy, it is necessary to postpone this clash with the Zionist enemy until the Arabs gain the confidence of the U.S. by means of a long-term political and economic effort. Because of the existence of these two different policies, it is not feasible that the Arab nation will consider this objective to be a premise to be achieved by means of building a united strategy. This is something which the Zionist state realizes, is betting on, and is exploiting as fully as possible by means of consolidating its positions in the Arab Middle East, imposing its will on the Arab countries, dealing one by one with the Arab forces opposed to Zionism, and carrying out attacks which not only have the objective of destroying the material structures of these forces, but also basically have the objective of destroying the idea of resistance which sets them in motion and demonstrating the futility of Arab efforts to pursue a military solution.

The existence of an official Arab policy which believes--based on the premise of current interests--in the possibility of competing with Zionism in Washington, and the stamina of those who are the spokesmen of this policy and their adherence to it, saying that it is their only possible way out of the inherent contradiction involved--in spite of the fact that the U.S. insists on considering Israel to be its only permanent and certain ally in the Middle East--actually constitute the greatest obstacle to the building of a united strategy for plunging into a crucial and continuous battle against Israel. This also is the principal reason for the obstruction of total Arab mobilization which would serve such a strategy. Until the delusions on which this policy is based are abandoned or until the background responsible for this policy changes, those appealing to us to do battle against the Zionist aggressors will have to be content with total self-mobilization (which, in the context of the entire Arab world, will remain only partial mobilization) and playing the role of the vanguard in the battle. It will be necessary for them to be prepared to shoulder the burdens of the war for the others by proxy, on the basis of a united strategy which has not attained the level of being a united overall Arab strategy--although this is better than [not acting at all] while being without a united overall Arab strategy and while awaiting the results of the long and uncertain race [with Israel] to reach Washington.

#### Eliminating the Consequences of the 1967 War

The last objective which has been brought up is that of eliminating the consequences of the June War of 1967, that is, the political and military struggle to make Israel withdraw from all of the territories which it occupied in the 1967 War, including East Jerusalem. This objective does not have the support of all of the Arab nations. Some of the Arab nations consider that being content with this objective as a basis for building a united overall Arab strategy means not espousing the idea of confronting the invaders and constitutes an (implicit) recognition of the legitimacy of their occupation of the [greater] part of Palestine before the 1967 War and means acceptance of some [Palestinian] territory in return for giving up the right [of the Palestinians to all of geographical Palestine]. They also consider that restricting the objective to eliminating the consequences of the 1967 War means forfeiting the efforts of the struggle which took place before the

1967 War, when the occupied territories had not yet been occupied, and that this would deprive those prior struggles of their legitimacy. Other Arab parties maintain that this objective represents the only possible maximum under current international circumstances, in view of the fact that the world which condemned the 1967 War and considered the 1973 War to be a legitimate one because it took place on territory which had been occupied during the 1967 War, will take a hostile position toward the Arabs if the war is waged for territories conceded to Israel by the 1949 truce. This international position would be expressed by withholding supplies of weapons, ammunition, and spare parts--and if such supplies do not arrive with sufficient regularity and in sufficient quantities, it will be impossible to pursue the conflict with any hope of achieving success.

These two points of view appeared before the 1973 War, during the war, and after the war was over. The difference in these two points of view was one of the things which caused the obstruction of overall Arab mobilization. The truth is that each of these two goals does not negate the other. It is possible to reach agreement concerning liberation of the territories occupied during the 1967 War as a temporary interim objective which would constitute part of the total liberation of geographical Palestine, concerning building a temporary strategy to achieve this objective, and concerning the creation of a new status quo from which a new strategic phase could proceed. Setting up stages for a strategy is a part of strategy, especially when numerous parties participate in the formulation of such a strategy--with each party having its own ideas, its own situation, and its own concepts which stem from its view and assessments of matters.

However, agreement concerning such an objective involves bringing up several essential matters which cannot be disregarded. The foremost of these matters is the position taken by the U.S. and the influence which this position has had on the positions taken by the Arab nations which consider unlikely any solution which would lead to a clash with Washington. As we know, the Johnson administration gave Israel the green light before the 1967 War began, and was thus a party to this aggression. Then successive U.S. administrations strengthened Zionist military capabilities in order to guarantee the Zionists military superiority which would deter the Arabs from considering regaining the occupied territories by military force and would guarantee an Israeli victory over them if they chose to risk resorting to the military option. The objective of U.S. policy was thus to leave the occupied territories as a hostage in the hands of Israel and give concrete form to the Arab defeat and Arab impotence in a tangible and realistic everyday way, until the Arabs' will to fight is worn out, until the Arab nation accepts the Zionist state as a reality which cannot be changed, until the Arabs submit to the single will of Israel, until they lose all hope of winning a war with the help of Soviet weapons, and until they accept the U.S. as their guardian with absolute authority--especially since Washington has retained for itself the role of the mediator who will contribute toward convincing Israel to renounce part of the hostage territories during the ceremony marking the solution based on capitulation by the Arabs.

Successive U.S. administrations have claimed that they are opposed to the occupation of Arab territories, even though they have been determined to guarantee the security of the Zionist state. This claim was based on the (theoretical) hypothesis that the Pentagon would not intervene in the 1973 War as long as the battles took place within the limits of the territories occupied in 1967. However, the events which occurred proved that this hypothesis was wrong, and U.S. intervention occurred for the benefit of the Israeli military when the Israelis were fighting in Sinai and the Golan Heights, that is, in areas which Washington claimed that Israel had no right to occupy. U.S. intervention continued and escalated even after the theater of war moved to the (S's') pocket and the breach at al-Dafar Suwar. This provided definite proof (to whoever needed it) that the retainment by Israel of its hostage territories in order to fragment and weaken the will of the Arabs was taking place not only with the blessing of the U.S., but was something which constituted one of the permanent principles of U.S. policy.

As long as events prove and demonstrate this fact and, in practice, refute U.S. statements which are made for Arab consumption, it is only natural for a person to inquire about the extent of the capability of those Arab nations, which are not in favor of a clash with Washington, of being a part of a single overall Arab strategy even if the objective of this strategy were limited to only eliminating the consequences of the 1967 War--as long as this elimination of the consequences of the 1967 War would necessarily lead to U.S. intervention which would escalate whenever such an Arab strategy would come close to achieving this objective.

The second essential matter which must be brought up in this realm has to do with the approach toward eliminating the consequences of the 1967 War. Actually, there are two approaches for doing this. One of them relies on the use of force in order to snatch the hostage territories away from the grasp of the enemy, by means of quick military action, or the use of force by means of a war of attrition which would wear down the will power of the enemy and convince him that retaining the hostage territories would be too costly a thing to continue to do and this would thus compel him to give up these territories against his will. The second approach relies on negotiating with the enemy from a position of weakness and handing all of the cards over to the U.S., thus considering the U.S. to be a mediator (or full-fledged partner) in the negotiations, the purpose being to have the enemy convinced of the wisdom of giving up its hostage territories. This would presumably lead to regaining the occupied territories and eliminating the consequences of the 1967 War.

The difference between these two approaches is not limited to the means utilized to achieve elimination of the consequences of the 1967 War. It also includes the essence of the matter and its basic roots. Regaining the occupied territories by force, after breaking or wearing down the military will of the Zionists, does not force the Arabs to pay a political price to free the hostage territories. It allows the reins of strategic initiative to remain in their hands and provides them with the opportunity to proceed from one completed phase to the next phase. It allows them to proceed from

the stage of reducing the size of the imperialist bridgehead under international and local circumstances to the stage of liquidating this bridgehead in the future when international and local circumstances permit this possibility. This is exactly what made Washington strongly intervene in the 1973 War. Washington did not want to permit the military efforts of the Arabs to enable them to regain, even partially, the hostage territories occupied by force in 1967. Washington considered that if the Arabs succeeded in achieving this step, it would encourage them to return to the military option in order to regain the rest of the hostage territories and, in the future, would induce them to think about recovering all of the territories lost in 1948.

As for regaining territory by means of negotiations from a position of being unable to achieve liberation of these territories, this is something which can only take place after psychologically retreating from the idea of waging the conflict, giving up once and for all the confrontation with the aggressors, and offering concessions which would guarantee the U.S. a psychological, political, and military foothold in the Arab world, put the Zionist state in a position of being able to enforce its will over the Middle East--for several generations--and, at the same time, bury the Palestine cause along with the rights and existence of the Palestinian people. This is something which is totally in conflict with the aspirations, interests, and national security of the Arab nation.

This is not something which is being said in the realm of conjecture. It is a fact which has been reaffirmed by the Camp David agreements and the Sadat-Zionist treaty. It is true that these agreements and this treaty will lead to the regaining of Sinai and its oil in April of 1982, that is, to the elimination of the consequences of the 1967 War on the Egyptian front. But the Sadat regime had to pay a high price for this when it withdrew from the Arab camp and joined the camp of the enemies of the Arabs, forbade the Egyptian armed forces to play its role in [Arab] national security, put them at the service of U.S. interests in Africa, provided the U.S. military with numerous bases and facilities, tied the Egyptian economy to the wheels of the [world's] capitalist economy, and put the keys of arming [Egypt] into the hands of the U.S. which is still determined that the Israeli military remain superior to that of the Arab nations, including the [Arab] nations which are friendly to the U.S. In other words, the Sadat regime obtained the Egyptian hostage territories only after transforming Egypt from being the number one enemy of imperialism in the Arab Middle East to being imperialism's weakest ally in the region.

The third essential matter is the fact that the international situation, which might exert pressure on the Arab nation and make the elimination of the consequences of the 1967 War a possible objective of a single overall Arab strategy, depends above all on the Arabs' own subjective situation. Whenever their own subjective situation is one of weakness, they increasingly feel the effects of the international objective factor. However, these effects diminish whenever there is an increase in the strength of the Arabs' own subjective situation. The international objective factor in Vietnam imposed

particular limits on the Vietnamese--limits which had to do with the scope of the conflict, the extent of the conflict in South Vietnam, and the future of the Saigon regime. However, these limits disappeared in direct proportion to the growing strength of the Vietnamese and their number of victories. In 1973, right after the U.S. forces abandoned Vietnam, the international objective factor pressured the revolutionaries to allow the Saigon regime to survive, not to liberate the rest of South Vietnam, and not to unite North and South Vietnam. There is no disputing the fact that this factor had its effect. But when the subjective situation of the Vietnamese grew in strength and reached a higher level, this influenced the international objective factor and enabled the Vietnamese to overcome it. The revolutionaries were then able to liberate all of South Vietnam and then unify the two Vietnams into one nation.

Thus we see that considering elimination of the consequences of the 1967 War as an objective on the basis of which a single overall Arab strategy could be built is a matter which depends on the development of the Arabs' own subjective situation, on the approach by means of which the 1967 hostage territories are snatched from the hands of the enemy, on the role which this step plays within the framework of the conflict (a first phase of the phases of liberation), and on the extent to which delusions concerning the possibility of competing with the Zionists to gain the favor of the U.S. are given up. Any elimination of the consequences of the 1967 War from a position of weakness and by utilizing the U.S. as a mediator will only lead to partial gains in return for renouncing the Arabs' basic cause, renouncing their right to fight their aggressors, and submitting to the hegemony of the aggressors and their "civilization" and their concepts--on the pretext of making the subjective situation knuckle under to the force of the objective situation, in spite of the enormous potential which the subjective situation has for influencing the objective situation. In any case, using this approach to eliminate the consequences of the 1967 War does not require the building of a single overall Arab strategy unless the goal of such a strategy is to obtain the signatures of all of the Arab nations on a document in which they renounce their rights after they have seen the fruitlessness of efforts to achieve quick results by means of the unilateral signing of such a document at Camp David.

Any appeal for the building of a single overall Arab strategy--and nowadays many such appeals have been made by many people--must be preceded by determining the objective which is intended to be achieved. Arab solidarity, coordination and cooperation, a single military command, building fronts, distribution of roles, arms and armament policies, etc., are important matters, but they really are of secondary importance. They constitute basic procedures and steps for the building of a strategy. What strategy are we to have, against whom is it to be directed, and what is it supposed to achieve? These are the questions which first must be answered and agreed upon in order for a strategy to really be proposed. Everything apart from this amounts to technical details which can easily be resolved by experts in economics and Arab general staff officers after they know exactly what Arab political leaders want and what the objective is that they are striving to achieve.

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CSO: 4404/368

BRIEFS

IRON, STEEL DISTRIBUTION--The general meeting of the Arab Federation for Engineering Industries, held in Kuwait on 13 April, adopted a joint Arab program requiring the establishment of an Arab company to market engineering industry products and to determine participation in the shares of that firm. It was stated that this company is one of the most important and vital projects that will play an important and prominent role in the Arab economy generally and in the engineering industry in particular. The Arab Federation for Engineering Industries, headquartered in Baghdad, was established in 1975. It includes most of the Arab firms operating in the industrial fields. The president of the Kuwaiti Chamber of Commerce and Industry, Mr 'Abd al-'Aziz al-Sar, opened the conference with a speech in which he called on the Federation to establish an Arab industry for spare parts. He referred to the fact that the Arab countries have no real capability to manufacture a truck engine or an agricultural tractor or a water pump or an electric turbine, despite the enormous quantity of this machinery that they import. He said that the first conference of Arab businessmen, held in Ta'if during the last part of last month, noted that Arab engineering facilities for all their size lacked facilities for manufacturing spare parts. This puts their fate in foreign hands. He indicated that Arab construction was increasing annually by more than \$50 million. [Text] [Paris AL-MUSTAQBAL in Arabic No 271, 1 May 82 pp 36-37] 7005

CSO: 4404/471

RESULTS OF QUITO CONFERENCE REPORTED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 22, 31 May 82 pp 4-6

[Article by Randa Takieddine]

[Text]

May 20 was chosen as the date for OPEC's regular semi-annual meeting of Oil Ministers when they conferred last December in Abu Dhabi, but the oil market is no respecter of ministers' travel schedules. So if the meeting in Quito on May 20 and 21 passed uneventfully as had been expected, the general view of OPEC experts was that the gathering occurred when it was still too early for the participants to make a proper evaluation of how the market is evolving or how the production quotas fixed in March have been working. To be sure, there were signs of an improvement in the market and the Monitoring Committee of ministers from the UAE, Algeria, Venezuela and Indonesia prepared a lengthy report which the full meeting of all 13 member states examined at length.

OPEC sources told this newsletter that the report stated mainly that all current indicators show a definite improvement in the market: some spot crude prices have reached official price levels, the prices for North Sea and Mexican crudes are not expected to stay below spot levels and refiners' margins have improved, though not yet by enough. But the report added that demand was still weak and it estimated that demand for OPEC oil would be below the 17.5 million b/d ceiling set in March. According to the committee, current OPEC exports are running at between 16.5 and 16.7 million b/d.

**Report predicts rise in demand**

The report projected a rise in demand for OPEC oil during the third quarter of this year to about 19 million b/d and forecast that it would reach 22 million b/d during the final three months of 1982. But the average for OPEC oil for the entire year would not go beyond 20 million b/d, according to the report.

The Monitoring Committee estimated that de-stocking of oil by consumer countries was running at between

3 and 4 million b/d and, more ominously, that this running down of stocks would continue to the end of this year, when the report expects industrial nations to be holding only 90 days' reserve supplies of oil. This, the committee felt, was insufficient but they added that they expected to see reserve stocks back at more normal levels early in 1983.

The committee, in view of all of these considerations, recommended that OPEC maintain the 17.5 million b/d ceiling. This was accepted without too much difficulty because most of the member-states are producing at levels below their allotted quotas. But Iran, which is now believed to be producing about 2 million b/d, made it clear once again that the 1.2 million b/d quota it was allocated in Vienna in March is unacceptable. "We said at this meeting what we have already said previously: the 17.5 million b/d ceiling is OK by us, but we do not accept 1.2 million b/d as our share," Iran's Deputy Oil Minister Dr Abbas Honardoust told this newsletter. "My minister said at the March meeting of OPEC that this ceiling is accepted but that the share of three countries — Saudi Arabia, Iraq and Iran — should be altogether 10 million b/d."

Dr Honardoust said Iran had repeated this demand at Quito. "We told them we have the capacity to produce 8 million b/d and we'll do this level if needed. We do not want other people to decide for us and to set a figure on our behalf. Maybe we will not produce 4 million or 6 million or 7 million b/d. Maybe we will want to produce only 1 million. But this is up to us in any case."

The Iranian position, which is of course one of a country at war and desperate to earn foreign exchange, sparked off a political row during the meeting but the Iranians were not to be persuaded to alter their stance. Despite this, Iran's action did not affect the principle of maintaining the ceiling at 17.5 million b/d, at least until an extraordinary meeting of OPEC ministers likely to be held in July when the market should be signalling some significant changes.

As for prices, a Saudi Arabian official told this newsletter he believed the \$34 per barrel benchmark price for Arabian Light would be unchanged until the end of the year. He predicted that small producers who are having difficulties selling their oil at present would be able to increase their shares of the market whenever they can sell their crude because current OPEC production is beneath the ceiling. Increased sales by these producers would have no marked effect on the ceiling, the official noted, adding that only an upward or downward movement by a big producer like Saudi Arabia would do this.

Keeping a close eye on the market will be the Monitoring Committee. Algeria's Oil Minister Belkacem Nabi told this newsletter the committee would henceforth meet monthly to follow the short term evolution of the oil market. If the committee deemed it necessary, it would call for an extraordinary meeting of OPEC ministers, Mr Nabi said. The committee is due to meet next in Europe

in June at a time and place to be fixed later.

The Algerian minister stressed in his conversation with this newsletter that the production shares allocated by OPEC in Vienna in March were the result of a compromise and were not based on objective criteria. "What is important," he declared, "is that everybody accepted this

#### OPEC'S CURRENT PRODUCTION

The following figures for oil production by individual member states of OPEC are derived from soundings by *An-Nahar Arab Report & MEMO*'s Randa Takieddine at the organisation's ministerial meeting in Quito. The sum of these figures is just slightly more than 17 million b/d, an amount which OPEC experts said is correct.

Algeria: 600,000 b/d  
Ecuador: 200,000 b/d  
Gabon: 158,000 b/d  
Indonesia: 1.2 million b/d  
Iran: 2 million b/d  
Iraq: 600,000 b/d  
Kuwait: 775,000 b/d (including 125,000 b/d from the Neutral Zone)  
Libya: 700,000 b/d  
Nigeria: 1.3 million b/d  
Qatar: 250,000 b/d  
Saudi Arabia: 6.720 million b/d (including 125,000 b/d from the Neutral Zone)  
UAE: 1 million b/d  
Venezuela: 1.5 million b/d

compromise and this is reconfirmed today by our conference. Our aim through this compromise is to defend the price structure of oil and not to create tension in the oil market."

Many OPEC experts consulted by this newsletter found it hard to predict what the prevailing trend would be at an extraordinary meeting of the organisation's ministers if one is held as expected during the summer. The next semi-annual ministerial meeting has been scheduled for December 9 in Lagos, like Quito the capital of an OPEC country experiencing acute economic and financial difficulties as a result of reduced oil revenues. Quito's problems may not be as severe as those of Lagos, but there have been daily demonstrations here over the recent sharp devaluation of Ecuador's sucre and to demand a greater measure of social justice. The demonstrations were a reminder to the visitor, if one was needed, of the huge differences in the economies of the various countries belonging to OPEC.

#### QUITO DECISIONS FORESHADOW HIGHER NORTH SEA OIL PRICES

The most cheering news for oil exporters last week was

a report from London that the British National Oil Corporation was reviewing its pricing policy in the light of the decision by OPEC ministers in Quito to hold the \$34 per barrel reference price for Arabian Light crude and maintain a 17.5 million b/d production ceiling. *London Oil Reports* said BNOC was giving "serious thought" to raising its \$31 per barrel price by \$2 to \$3 on June 1 and setting a \$35 per barrel base price from July 1. This is the level at which North Sea oil was trading last week on the spot market.

A \$35 base price would still undercut Nigeria's official price of \$35.50 for oil of similar quality but it would go a long way towards ending Britain's role as the burr under OPEC's saddle. At \$31 per barrel, the pressure exerted by North Sea oil on producers of low-sulphur African crudes was out of all proportion to the availability of North Sea oil for export. For unlike the Gulf producers who have shrugged off Iran's assault on their share of the market for Middle Eastern oil by cutting its prices and flouting production quotas, African exporters are "high absorbers" of imports and have pressing needs for cash. It would perhaps be an exaggeration to say that BNOC threatened to wreck OPEC by its decision first to sever its pricing links with African crudes and later to cut its ties to Saudi Arabia's reference price, but there were times when it was a near-run thing.

Just how damaging the crisis might have been was underscored at Quito by OPEC's Secretary General Marc Nan Nguema. Commending Nigeria's resistance to pressure to cut its prices, he said Nigeria "has defended OPEC's price structure as well as its national interests." Had the pressure proved too great, Mr Nan Nguema declared, Nigeria would have lost \$500 million. But the bill to OPEC as a whole would have been a whopping \$40 billion, he said, although he did not reveal the basis for these calculations.

It was small wonder then that Algeria's Oil Minister Belkacem Nabi commented at Quito that BNOC's price of \$31 was dictated by political rather than commercial considerations. The reports from London said the British Treasury was none too happy about the prospects of higher oil prices. These would run counter to efforts to cut inflation only days after Mrs Margaret Thatcher's government proudly announced a single-digit rate of 9.4 per cent. They would likewise slow a recovery by British industry even though the higher prices would yield more taxes.

But Mr Nabi's statement is in some respects a misreading of Britain's position as an oil producer. Because North Sea oil is among the world's highest costing crudes, developers of the oilfields there are "high absorbers" of cash and thus have pressing needs to sell oil to meet financial targets. This is a factor which could return to trouble OPEC if a future balance in the oil market were to be disturbed once again by an end to the Gulf war and a consequent sudden upsurge in Iraqi and Iranian exports. Like Mexico, that other non-OPEC "high absorber" oil

producer, Britain remains a potential chink in the oil exporting organisation's armour. Gone apparently are the days when Denis Healey, as Labour's Chancellor of the Exchequer, could say in 1977 that Britain would be a "country member" of the OPEC club, enjoying the advantages the organisation afforded without having to pay full membership dues.

Closer coordination between Britain and African producers would clearly be desirable for both sides, though it is hard to see at this juncture what could be a useful basis for cooperation. If Britain's oil pricing policy were truly political, it is obvious that BNOC could inflict great damage on African members of OPEC with little risk to itself. But it can do so only by reducing the profitability of North Sea oil to levels which in recent weeks have forced postponement and likely cancellation of development of new North Sea oil fields.

Iran, OPEC's problem producer in the Gulf, raises issues that are at once political, economic and peculiar to OPEC as an organisation. The Iranian delegation at Quito was out to discomfit the Gulf Arabs who have backed Iraq in the Gulf war, as was shown by Iran's lengthy and furious diatribe against Arab-inspired OPEC financing for Dr Robert Mabro's Oxford Energy Institute. The debate behind closed doors on this side issue prompted reporters to speculate that OPEC had once again run into difficulties on matters of greater moment such as production ceilings.

Economic considerations obviously loom large in Iran's rejection of a 1.2 million b/d quota. The war, revolutionary upheavals and economic mismanagement mean that Iran has an acute need for cash and goods which only barter deals and cut-price sales of oil can supply. But it was also equally apparent that Iran was also challenging Saudi Arabia's leadership inside OPEC – and was taking a leaf out of Saudi Arabia's own book to do so by insisting, as Sheikh Ahmed Zaki Yamani himself did at Quito, that setting production levels was the sovereign prerogative of individual member states. The Saudi Arabian Oil Minister walked out of the meeting when Iranian Oil Minister Mohamed Gharazi accused him of being the architect of the current glut in a personal attack.

Iran's actions cannot fail to hurt other Gulf producers and weaken OPEC as well as lengthening the time needed to bring the oil market into balance. And while the "low absorbers" of the Gulf most probably chose a prudent course by effectively ignoring these assaults on OPEC, Iran demonstrated that the "oil weapon" in times of glut is most damaging when it is turned against other oil exporters. So if the boot should ever be on the other foot, Iran can expect few favours from the other 12 members of OPEC.

GULF COOPERATION SOUGHT IN FACE OF WAR

Paris AN-NAHAR ARAB REPORT & MEMO in English No 22, 31 May 82 pp 1-2

[Text]

Iran's port city of Khorramshahr was the biggest single prize Iraq had to show for 20 months of war in the Gulf and when Iranian forces snatched it back last week the shock waves were felt throughout the region. But by one of those strange quirks of fate, Khorramshahr's fall came on the eve of the first birthday of the six-nation Gulf Cooperation Council and while the Iraqi defeat clouded the anniversary celebrations, the signatories of the agreement which set up the GCC last year could thank their lucky stars for their foresight. Even in its present half-formed state, the GCC today stands as the principal guarantor of continuing stability in the Arab Gulf states.

This is because the GCC is there on the ground in the Gulf while other sources of security exist largely in the minds of military planners (the American Rapid Deployment Force) or contain the active seeds of division among the Arabs (Egyptian military aid). And by contrast to what must therefore be considered to be largely theoretical options for the defence of the Gulf, the GCC which brings together Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain and Oman is a home-grown organism and thus far more to be relied upon than any help from outside.

Logic dictates that the states belonging to the GCC must now hang together even more closely if they wish to avoid hanging separately. This is because the fall of Khorramshahr poses a triple threat to the individual members of the council: it could provoke the collapse of Iraq, it could lead to an Iranian drive deep into the Gulf and/or it could kindle Iranian-inspired subversion from within the large Shiite Muslim communities in Arab Gulf states.

Of the three threats to the security of the Arab Gulf states, subversion is by far the most likely. This was highlighted last week by long prison sentences passed by a court in Bahrain on 73 persons convicted of plotting to overthrow the government. They included 60 Bahrainis, 11 Saudi Arabians, a Kuwaiti and an Omani. One of them, Jaafar Kazem al-Alawi, who was imprisoned for life, is related to Mahmoud Ahmed al-Alawi, an adviser to Sheikh Isa bin Sulman al-Khalifa, the Ruler of Bahrain. Iran has

denied complicity in the attempted coup, which was timed to take place on Bahrain's National Day last December, but evidence uncovered by the Bahrainis points to Tehran's involvement and Bahrain has since reduced its relations with Iran to a minimum.

Iran has also denied repeatedly that it intends to extend the war beyond its own frontiers, which were invaded in 1980 by Iraq. And while the Iranians have been shelling the Iranian port of Basra and can now wreak enormous damage in Iraq's southern oil fields, there is no reason at this stage to question Tehran's word on this. Prudence would counsel restraint. But there will certainly be strong advocates of a wider war among Iran's ruling *mullahs*. What is more, Iranian denials have been invariably accompanied by warnings to neighbouring Arab states of the dangers they run in supporting Iraq, the latest of which came from Ayatollah Khomeini himself.

It would be foolish to pretend to be able to predict what effect the fall of Khorramshahr will have inside Iraq. Iran has insisted it will not make peace until President Saddam Hussein is overthrown and Iranian Oil Minister Mohamed Gharazi stressed in London last week that his country is prepared for a long war lasting several years. But politics in Iraq are both ruthless and hermetic to a degree not found elsewhere in the Middle East. Political change since the 1958 revolution has come with only the rarest of exceptions as the result of conspiracies inside the politico-military leadership. Certainly, there are no signs at present of the likelihood of the popular uprising among Iraq's Shiite majority which Tehran would clearly like to foment nor any strong indications that a large number of Iraqi Shiites are eager to accept the tutelage of Iranian clerics. Thus, while the ousting of President Hussein and a popular uprising by Shiites are both possibilities, the short shrift afforded to the opposition in Iraq means that any preparations for violent change there are kept a dark secret and the rest of the world only learns about what is going to happen after it happens.

The deeply humiliating peace terms demanded by Iran from President Hussein's successor go far beyond what any Iraqi leader could possibly accept. At the same time, the nature of government in Tehran and the jockeying for power by quarreling cliques of *mullahs* means that it is very unlikely a single leader will emerge capable of softening significantly Iranian demands. So Mr Gharazi's predictions of a long war look like coming true, the more so because Iran can most probably count upon support from the Arab Steadfastness and Confrontation states led by Syria for as long as President Hussein and his faction in the Baath Party are in power in Baghdad. Foreign Ministers of the Steadfastness Front (Syria, Libya, Algeria, South Yemen and the PLO) last week acclaimed Iran a friendly nation and diplomatic sources in Damascus say considerable quantities of Soviet-made arms and military spare parts have been sent from Syria to Iran.

The war has therefore placed the Gulf states between

a rock and a hard place. They cannot afford to see Iraq go under regardless of what they may think of the régime in Baghdad. And they certainly cannot afford to ignore Iranian warnings of the price Tehran and its Arab allies could make them pay for supporting Iraq and the implied threats of subversion. There have been demonstrations to celebrate Iranian victories in both Kuwait and the UAE and there are substantial Arab and Iranian Shiite communities in virtually all of the Arab Gulf states.

Subversion, however, is the weapon that an organisation such as the GCC is most suited to combat. This is because individual member states will be able to count upon help from outside if the danger from within should erupt in ways that cannot be dealt with by local forces. And because subversion all too often ignores frontiers and nationalities in the Middle East as the abortive plot in Bahrain has shown, coordination by internal security forces in the GCC can often provide an early warning of impending trouble. Finally, while the armed forces of the Gulf states are too small to beat back a full-scale invasion of the Arabian peninsula, the GCC states together can muster without undue difficulty the strength needed to check or defeat subversion.

The countries belonging to the Council have thus every inducement to strengthen the GCC and to work together within its bounds. These, of course, are not confined to questions of security alone and the GCC has made a promising start towards removing bureaucratic barriers and coordinating economic policies in its first year of life. Huge problems remain to be tackled, not the least of which is that partial surrender of sovereignty in the name of cooperation is not a familiar concept in the Gulf. But it is certainly not an unknown quantity there: it is the fundamental principle upon which the UAE was created in 1971. There were widespread forecasts then that the Emirates could never work together and would soon go their separate ways. This has not happened and the UAE is a thriving state today. So there is no inherent reason to believe that the GCC cannot perform what looks like being a vital role for many years to come.

CSO: 4400/325

GULF STATES EXPERIENCE BUDGET DEFICITS

Beirut MONDAY MORNING No 516 in English 10-16 May 82 pp 72-73

[Text]

The oil-exporting countries of the Gulf, whose citizens are among the richest in the world, are suddenly facing problems balancing their books.

The world oil glut has slashed the amount of oil they can sell for stagnant or even falling prices. Soaring imports and massive development projects have pushed budgets into the red.

Even Saudi Arabia, the biggest and richest of the Gulf oil exporting states, expects only to balance this year's budget, and some economists think that is optimistic.

Gulf countries account for more than half of OPEC (Organization of Petroleum Exporting Countries) oil output which dropped to less than 16 million barrels per day (BPD) last month from 31 million in 1979 because of falling demand.

Recession in the oil-consuming West, energy saving and a shift to other sources of energy have all hit OPEC.

Fears that the international banking system would collapse under the strain of recycling the OPEC surplus have gone. Some oil-exporting nations outside the Gulf are queueing up at the banks not to deposit their riches — but looking for loans.

The slump in demand has created real hardship in relatively poor OPEC members such as Nigeria, a huge African country with well over 80 million people to finance and feed.

Non-oil countries may also suffer, because although Saudi Arabia has

pledged to maintain its international aid at around last year's levels, the United Arab Emirates has halved its budgeted help.

The Gulf states, which back Iraq in the 19-month-old war with Iran, have also paid up to 22 billion dollars in aid to Baghdad, with the prospect of more funds needed.

Major Gulf oil countries are cushioned by vast financial reserves accumulated since the 1973 oil price explosion.

But giant budget surpluses have been replaced almost overnight by red ink in the national accounts.

Saudi Arabia, with a population of about nine million, has an estimated 170 billion dollars invested abroad in banks, shares, real estate and other assets.

Kuwait has around 80 billion dollars in reserves. But its finance minister recently said that falling oil revenue and continuing increases in spending could bring the threat of bankruptcy within four years.

OPEC is counting on a pick-up in oil demand later this year to revive its flagging financial fortunes. Oil companies normally rebuild their stocks ahead of winter in the oil-consuming northern hemisphere.

But for the Gulf countries, financial stringency will be the key theme this year.

Saudi Arabian Finance Minister Mohammed Abal-Khaiil has pledged that his country will not cut spending

or slow down development projects.

However, the kingdom has acted to reduce costs, eliminating overtime in the civil service and cutting its manpower budget by 60 percent to nine billion Saudi riyals (2.6 billion dollars) for the fiscal year that began on April 24.

The new Saudi budget predicts revenues and expenditure in balance at 313.4 billion riyals (91 billion dollars). Earnings would be sharply down on actual income in the last fiscal year which economists estimate at up to 120 billion dollars.

Defense and security spending, however, were increased by 13 percent to 93 billion riyals (27 billion dollars).

Diplomats in the kingdom estimate that Saudi Arabia would have to pump slightly more than its current output ceiling of seven million BPD to finance the new budget spending.

The alternative would be to use up some financial reserves. Economists in Bahrain believe that the kingdom would be extremely careful not to create panic in financial markets if it began running down reserves.

Diplomats in Saudi Arabia said in interviews that they saw no chance of big cutbacks in spending on new projects, partly because it was not feasible to suddenly change long-term plans and partly because the government was sensitive to the rising expectations of its people.

Saudi Arabia is building entirely new industrial cities, giant military bases and new ports as part of its plan

to modernize the kingdom.

Kuwait in the fiscal year which begins on July 1 will face its first budget deficit since the Arab oil embargo of 1973 temporarily hit its crude exports.

The cabinet last month approved a budget that projected spending up seven percent at 3.2 billion Kuwaiti dinars (11.2 billion dollars) but oil revenue down 45 percent to 2.9 billion dinars (10 billion dollars) from budgeted levels this year.

Kuwaiti Finance Minister Abdul-Latif al-Hamad has said that if present trends continue, with government spending rising at the present rate of up to 23 percent a year, the country of a million people could face "near bankruptcy" within four years.

The United Arab Emirates also faces its first ever budget deficit in the current year. The cabinet recently approved a 15 percent cut in budgeted spending over 1981 to 22.6 billion dirhams (6.2 billion dollars) with a deficit of 2.3 billion dirhams (600 million dollars).

The UAE cut its production to one million BPD earlier this year from around 1.4 million and trimmed its prices by about a dollar a barrel as part of an OPEC agreement to defend the group's base price in the world oil glut.

Qatar, which produces less than 300,000 BPD, also faces falling oil revenues. The level of spending in the current budget has been cut by a third — but mainly because of underspending the previous year.

CSO: 4400/325

POR T EXPANSION IN THE GULF

Paris AN-NAHAR ARAB REPORT & MEMO in English No 21, 24 May 82 pp 8-12

[Text]

Sea transport still remains the most important means of transporting goods in the Gulf and until plans for more rail networks are realised, this state of affairs will continue. The introduction of bigger and bigger ships such as the 500,000 tonnes deadweight tanker and the 3,000 teu (20-foot equivalent) container vessel means that ports must adapt in order to realise their full potential.

Western shippers have expressed doubts in the past over the enormous expansion taking place in some ports in the Middle East. However, it now seems likely that this expansion was justified. In Saudi ports there has been a 211 per cent increase in throughput since 1976, with 1981 seeing 31.8 million tons passing through the ports.

In order to keep pace with the heavy demand for goods, ports are now looking for ways of increasing their discharge rates. Management systems are adapting to the change in cargo as Middle East ports expand the range of goods imported and exported. As well as construction materials and consumer goods, ports will be handling a new range of petrochemical products, iron ore, steel, sulphur and chemicals. New ways of handling the ever increasing amounts of paperwork are being tested, and this is particularly important as ports throughout the region embark on extensive computerisation programmes. Co-operation in the exchange of shipping information will prove of vital importance, not only to ensure that the ports operate smoothly, but also in the field of ship safety and pollution control. Unified action against companies who fail to adhere to marine safety standards is part of the strategy envisaged. Area bureaux are being established on the Red Sea and Gulf coasts to act as information and co-ordination centres in the case of emergencies.

There has been a vast increase in the use of overland transport from Britain to the Middle East in the last 12 months and companies expect an even greater growth with the introduction of the cargo restrictions in Saudi ports on May 24.

One of the biggest of Britain's overland freight forwarders, Whittle International Freight, told *An-Nahar Arab Report & MEMO*, "We have seen a 73 per cent inc-

rease in business in the last twelve months." Richard Rigby, Whittle's Sales Manager, explained that the Saudi Port Authority's restriction on certain types of containerised cargoes meant huge increases in costs for some manufacturers. Those hardest hit are companies supplying the construction industry with materials such as timber, plywood, steel structures, paint and building materials. They are now facing increases in their overall shipping cost of nearly 50 per cent, caused primarily by the need to pack the goods in a different way, i.e. in pallets that could easily be examined when they reached the Saudi docks.

In the past, overland transport has always been the middle way in which to send goods to the Middle East, falling between expensive air freight and the cheapest method, by sea. Now, handling, damage and delays to un-containerised cargo mean that more and more exporters are seeking a cost-effective and reliable alternative and finding it in overland freight transport.

With a transit time of 14 days to any Saudi destination, goods can be transported in tilt covered trailers easily stripped flat for inspection at the Jordan-Saudi border at Haditha or Halet Ammar. Some companies, including Whittle, are now using "super cube trailers" (super cubic capacity trailers) which are taller than average and able to carry more per journey. This has meant that for high-volume low-density cargo the cost difference between land and sea has become less significant.

No doubt the Iran-Iraq war has been an important factor in the increase in overland freight traffic, but it is evident that the Saudi restrictions now coming into force will mean that further expansion in the rate of development can be expected.

### Bahrain

Mina Manama, Bahrain's oldest port, was built to serve the capital, Manama, and can only accommodate vessels of up to 4 metres draught.

Sitra Island: berths here serve the oil refinery and the Alba aluminium plant. 35,000-tonne deadweight vessels can be handled in another berth, while 12,000-tonne ships use an inner berth. Dredging and reclamation works are being carried out to enable an artificial island to be constructed for a new petrochemical complex to produce ammonia and methanol, utilising supplies of natural gas.

Mina Sulman: this is Bahrain's leading port and is built on the northeast corner of the island, convenient for serving Manama. Originally built in 1956, it was expanded in 1962 and then again 1977, when a major \$170-million expansion programme was started. Despite completion of the work in 1980, the port still tends to be congested.

The port can now handle 3.5 million tonnes in 16 deep water berths, with water depths of nine to 11 metres alongside. Small deep-sea vessels use a 278-metre long

frontage and there is further accommodation for small craft. There is space within the harbour to enable 10 more berths to be constructed when the need arises.

Warehouses over 611,000 square metres provide covered storage and there are separate areas provided for container packing. Fourteen of the berths are used for general cargo traffic. Containers and roll-on-roll-off traffic are handled in two berths equipped with two rail-mounted gantry cranes each capable of lifting 30.5 tonnes. Six thousand containers a month can be accommodated and computers are used to control documentation and the recording of container movements. This system will expand so that the whole port area eventually becomes computerised.

A \$10.5 million cold storage plant provides storage for refrigerated containers. This appeals greatly to shippers who wish to use the port as a major distribution centre for frozen food for the whole Gulf region.

In 1981, the port handled approximately 49,000 containers, an increase of 15 per cent of the port's general cargo traffic. It will be containerised by 1985 and proposals from Britain's Rendell, Palmer and Tritton are being studied for the extension of container handling facilities in order to cope with the growing traffic.

Local shipping lines provide feeder services to other Gulf ports and there are plans to extend these services in the near future.

All Bahrain's ports are seeing increase in traffic resulting from the establishment of new industries such as the iron pelletising plant planned on reclaimed land near the island's dry dock. Although there has been increased transhipment business in the last 12 months, the port's managers still see their main aim as providing a service for Bahrain itself. Mina Sulman has the ports of Dammam and Dubai as its neighbours and these large competitors must make inroads on Mina Sulman's trade. However, the port is very well-placed to serve Saudi Arabia's east coast.

### **Jordan**

The port of Aqaba is struggling to keep abreast of the massive increase in throughput brought about by the Iran-Iraq war, which was meant that 6 million tons of goods were handled last year — a 40 per cent increase on the 1980 figures.

There are now six berths for general cargo. Each of these is 180 metres long and four of them were built under a \$57 million development programme completed last year.

A roll-on roll-off berth was built to take vessels up to 8,000 tonnes deadweight and a 300-metre long wharf for coastal vessels of up to 4,000 tonnes. Four transit sheds, eight open storage areas and a container park were also provided.

In January 1982, the British construction company

George Wimpey International won a \$52 million contract to build a further container berth and one roll-on roll-off berth. A new container terminal will provide two container gantry cranes capable of lifting 40 tonnes.

Three new general cargo berths, each of 180 metres long are planned close to the new container terminal. Three transit sheds and open storage areas will provide storage space.

The phosphate berths have recently undergone a major expansion of their storage facilities. A new floating terminal is also being built for phosphate and potash transport. This is being paid for from a \$17 million loan provided by Saudi Arabia.

A new \$50 million jetty with two berths is under construction five kilometres south of Aqaba to serve the phosphate fertiliser factory.

All these measures have been carried out in the hope that the port will have enough capacity until at least 1985.

Half of the goods passing through Aqaba are destined for Iraq and there are plans to build over 700 kilometres of new highways, including new roads to link Aqaba with the highway to Iraq, over the next 20 years. Immediate plans to ease the strain envisage the provision of 700 drivers and vehicles between Aqaba and Iraq. This decision follows a joint study by the two countries.

## Kuwait

Kuwait's ports are once again seeing queues of waiting ships, such as they have not experienced since 1976 when the ports were overwhelmed by soaring demands for consumer goods, building materials and capital equipment. Now the cause of the congestion is the Iran-Iraq war.

Because of Kuwait's position at the head of the Gulf, the ports have always handled a large amount of transit traffic. Since the start of the war, transit traffic for Iraq has more than doubled, although the Iranian trade has almost disappeared. Ship queues mean a vessel can wait up to 60 days for a berth.

Kuwait is attempting to handle the problem by imposing a 5 per cent duty on all goods in transit, refundable when the goods leave the country. Long-term storage of cargo in port has been banned and importers must remove one consignment of goods from the port area before another can be brought in.

Shuwaikh, the main commercial port, has 18 modern deep water berths ranging from 180 to 200 metres long with depths of up to 9.6 metres alongside. There are long-term plans to provide 60 deep water berths with an annual throughput capacity of over 10 million tonnes. Although the port lacks a purpose-built container berth, gearless container ships can be unloaded at two berths where a container storage area is available. Moreover a container terminal is sited just outside the main port area and in

1981 the port handled 250,000 boxes. More traffic is expected and a new 35-tonne capacity container crane is planned for the two berths in Shuaikh port now handling the container traffic. The quays alongside are also to be strengthened.

There are plans for nine new berths, bringing the port's total deep water accommodation up to 27 berths. The \$240 million development includes two berths for container ships, two for roll-on roll-off vessels, two for bulk cargo and three for multipurpose use. It is envisaged that this expansion should meet the port's needs until 1995.

Shuaiba handles Kuwait's industrial traffic and was opened in 1967 to serve the Shuaiba industrial estate, which handles such industries as petrochemicals, oil refining, gas liquefaction, cement manufacture and fish processing.

There is a commercial harbour, a petroleum products pier and a barge harbour and small craft harbour. There are 20 deep-water berths along a 3,130 frontage. Dry cargo berths handled 2.5 million tonnes last year and this is expected to rise to nearly 10 million tonnes by 1990.

There are two container gantry cranes of 41-tonne lifting capacity and next month should see delivery of a floating pontoon to deal with roll-on roll-off vessels.

More back-up facilities are to be provided to cope with the heavy increase in traffic and further harbour expansion is anticipated to keep pace with expansion from the Shuaiba industrial area. Early in 1981, work started on a \$30 million project to build new onshore facilities.

### **Qatar**

The port of Doha has nine deep-water berths extending over a 1,900-metre frontage with depths of up to 9 metres alongside. There are no quayside cranes and visiting ships discharge their own cargo. The port handles approximately 10,000 boxes per year, the containers being marshalled and stacked by road mobile cranes. There are plans to extend the deep water quays and to provide a roll-on roll-off berth and a container berth.

The port of Umm Said has been developed as Qatar's main centre for heavy industry, and serves a steelworks, a small oil refinery, a fertiliser plant, a gas liquefaction plant and a petrochemical complex. There are 10 deep-water berths with space available for a further 10 sometime in the future. As yet, however, there are no construction plans for these additional berths. Plans for facilities to handle container and roll-on roll-off traffic are also under consideration.

In 1981, the two ports handled 631 ships and 2,133,000 tonnes of goods were imported — an increase of 11 per cent on the figures for 1980. The biggest source of imports was Asia, followed closely by Europe. These

two areas account for three quarters of all Qatar's imports.

### Saudi Arabia

Jeddah is the largest of Saudi Arabia's ports, handling approximately half of all the goods coming into the country. There are 45 deep-water berths and work is progressing on the construction of two floating dry docks, of 45,000 and 16,000 tonnes deadweight capacity. There are two berths provided with four container cranes capable of accommodating third generation container ships. The container terminals are fitted out with all the most up-to-date aids to container movement and further construction work is in progress to extend the container facilities to make a further three berths. The port of Jeddah now ranks as one of the largest container handling ports in the world.

At the moment, shippers are watching with interest the effect of a ban on the import of certain goods by container, imposed by the Saudi Ports Authority. This is interpreted in some quarters as a bid to enforce prohibition of contraband goods such as liquor, arms and ammunition. The ban will take effect from May 24 when loads containing the following items will not be accepted by Saudi ports: timber, plywood steel structures, bagged or drummed cargo (unless palletised for forklift handling) heavy machinery (in palletised units of under two tonnes), cars, baths, sanitary ...are and tiles. These goods will still be allowed to enter the ports, but they must be packed conventionally, preferably as palletised cargo. Before the ban, about one third of Jeddah's general cargo was containerised.

The port has the world's largest floating cement silo alongside one of two berths allocated solely for the handling of cement. Some 84,000 tonnes of cement can be stored in this terminal and more than 17,500 tonnes can be handled daily.

The port is the world's largest handler of livestock, importing well over 3 million head of livestock a year. The construction of a new purpose-built livestock terminal is at present under consideration.

There are plans to expand the present cold storage capacity of 1,500 tonnes and a storage capacity of 120,000 tonnes is available in the bulk grain silos.

Five roll-on roll-off vessels can unload simultaneously at the ro-ro terminal and there is ample open storage available for vehicle parking and loading.

The port is reaching maximum capacity and the current five-year plan includes provision for a further five new deep water berths. Plans are also under way to build a further two satellite ports, each with an annual throughput capacity of five million tonnes.

Last year the port handled approximately 15.8 million tonnes of cargo compared with 14 million tonnes in 1980.

Yanbu is situated 370 kilometres north of Jeddah on

the Red Sea. The port has been expanded considerably under the last five year plan and now consists of nine deep-sea berths with accommodation for vessels of up to 11 metres draught. Modern handling equipment is available to handle the 1.3 million tonnes of cargo passing through the port each year.

There are handling facilities for over 740,000 tonnes of cement to be unloaded annually in one of the world's largest bulk handling cement terminals and early this year an \$18.5 million loan was raised by the National Cement Company of Saudi Arabia to finance a floating cement silo barge.

A Dutch firm is at present drawing up plans for the construction of nine deep-water berths to include accommodation for container ships of up to 45,000 tonnes, general cargo ships of up to 25,000 tonnes and dry bulk carriers of up to 100,000 tonnes. This work forms part of a \$1.3 million development to provide Yanbu with a new industrial port.

A huge LNG plant soon to be completed, will have its own two-berth harbour and a 12,000 foot long pipeline for loading bulk carriers.

Five special purpose harbours will serve the new industrial plants and these will stretch along 25 kilometres of the Yanbu coastline. With a projected population of 150,000 by the year 2000, the expansion of the port is clearly a top priority for the Saudis.

Jizan serves the mountainous southern region province of Asir. In 1981, Jizan had a throughput of 1.7 million tonnes of imported cargo compared with the 1.5 million tonnes handled in 1980.

There are three berths at present, but a further 10 are under construction. There are plans for a multi-purpose container terminal, bulk grain and bulk cement terminals.

King Abdul Aziz Port at Damman is Saudi Arabia's main commercial port of the Gulf, serving the rapidly developing Eastern Province. There are two container terminals, one equipped with two 35-tonne capacity gantry cranes and the other capable of lifting 40 tonnes, with two additional gantry cranes now being erected.

Eleven and a half million tons of cargo passed through the port in 1981, 25 per cent more than 1980, the largest single import being cement.

There are plans for a new ship repair yard containing two floating drydocks of 22,000 and 10,000 tonnes. The port is connected to Riyadh by rail, as well as road.

Built at an estimated cost of \$2.35 billion, the port of Jubail handles over 1.5 million tonnes per year and the port has a capacity of 5.3 million tonnes yearly. Dutch contractors are developing a refined petroleum tank farm and associated berthing facilities. There are 16 berths available in the commercial port, 14 of which are used for general cargo, while the two remaining berths are equipped with two 40-tonne capacity container

cranes. In 1980, International Port Managers (IPM) of Singapore were awarded a three-year contract to manage the container terminal.

The industrial port to the north of the six-square kilometres harbour contains 15 berths. Outside the breakwater a 2,400-metre long open sea terminal enables simultaneous berthing for up to four 300,000 tonne tankers.

Last year saw the completion of the second phase of development for the east coast port of Al-Khobar. A new quay, roads and services were constructed at a cost of \$2.15 million. Additional roads and services valued at a further \$2 million are to be built under the third phase of the development. A small boat harbour is also proposed at an estimated cost of approximately \$10 million.

#### UAE

In the United Arab Emirates, plans for a March opening of Fujairah port have had to be postponed. Derek Peters, Sales and Marketing Manager of Britain's Felixstone Dock and Railway Company, which will run the east coast port, told *An-Nahar Arab Report & MEMO* problems with the laying on of services, such as gas, mean that the opening has had to be delayed until June. Fujairah will be the UAE's sixth commercial port.

One effect of the opening of Fujairah port will be to neutralise high insurance premiums imposed by Lloyd's of London on ships and goods bound for the Gulf. Arab shippers have been quoted as saying that the off-loading of goods in Fujairah for trans-shipment to the Gulf could lead to major reductions in shipping costs in the region.

Sheikh Hamad, the ruler, is Chairman of the Port Authority and Felixstowe Dock and Railway Company holds three seats. The \$47.7 million port has just signed up a shipping line to use the port regularly but Mr Peters declined to name the line at this stage of negotiations. However, FDRC has had a sales mission touring the Middle East and India recently and they are confident of finding regular customers before the port opens.

Major construction work has been carried out by South Korea's Hyundai Engineering and Construction Company.

Like all the other ports in the Gulf, Dubai's chief port of Mina Rashid has had to adapt to meet the container revolution. Sixty per cent of all the Emirates cargo is now boxed and facilities have had to be provided to accommodate the change. There are 35 berths, five solely for the use of container traffic. The port handled 235,000 teus (20-foot equivalent units) in 1981, a 6 per cent increase over the previous year. The port still has 60 per cent unused capacity and further storage space is available for the stacking of containers.

Mina Rashid handled over three million tons of general cargo last year, 4 per cent more than in 1980. Much of the cargo is transhipped to Iran, Iraq and the rest of the Gulf.

Over \$1.5 billion have been poured into the port of Jebel Ali over the last five years. Sixty-six berths have been constructed along 14 kilometres of quays. There was a 42 per cent tonnage increase in 1981 from the 1980 figure of 1.2 million to 1.8 million.

The establishment of a free zone has meant further success since its inception in 1980. Dockside industry has flourished and extra covered storage space is being provided in the form of two 120,000-square foot warehouses. A 7,000-ton cold store is being built and Cleveland Bridge and Engineering are to operate a container repair facility. There was a 24 per cent increase in the petroleum products trade through the port.

The US company Milchem has just signed a five year lease for an industrial plot at Jebel Ali, a move which will be welcomed by the port officials who have looked to see oil-related companies grouped at the port. Milchem will service the Dubai Petroleum Company and will also use the port as a contingency stockpile for its operations in Oman, Qatar and Pakistan.

Eight other firms are based in the industrial zone, including Britain's Costain International, Caltex of the USA, Gulf Fleet, and Coflexip, the French marine cable supplier.

Some shipping lines using the Emirates ports employ their own drivers who join the ship when it enters the Gulf and are taken off at the end of the cargo run, when the ship leaves the region.

The port has just stopped charging customs duty on transit goods, the exemptions coming into effect in February 1982, in an effort to encourage a re-export trade. Transhipped cargoes may be stored indefinitely, free of charge for the first 90 days and for \$2.70 a freight ton afterwards. There is also an initial handling charge of \$4.30 a freight ton.

Traffic at Sharjah's Port Khalid, situated in the Gulf of Oman, rose by 20 per cent to 3.6 million tons in 1981. There are 12 deep water berths, including two container berths. Eleven sheds provide storage facilities and there is also extensive open storage capacity. Modern equipment is provided to help move the cargo. There are two heavy lift mobile cranes of 40 and 90 tonnes capacity. General cargo traffic in 1981 amounted to 982 tons compared to the 1980 figure of 853 tons.

The container terminal handled 37,812 TEUs (20-foot equivalent units) in 1981. The previous year's figure was 30,532. There are two 35-tonne capacity cranes and over 5,000 TEUs can be stored in the container park.

As well as a purpose-built container terminal, the port also boasts a specialist roll-on roll-off terminal capable of accommodating a large range of traffic. There are three berths of 10.36 metres, specially dredged to take specialised roll-on roll-off vessels.

There is an in-port free zone facility. There is a feeder service to Iran by sea and a lorry service to Iraq. A

dredging programme will enable Port Khalid to take bigger vessels in the near future.

In 1981, imports totalled 1.6 million tons. Bulk ore imports increased from 64,000 tons to 163,000 tons and the port also handled 1.48 million tons of oil compared with 1.17 million tons in 1980.

Opened in 1978, Khor Fakkan is the Emirates' only deep-water port. Because it is situated in the Gulf of Oman, vessels avoid having to pass through the Strait of Hormuz into the Arabian Gulf. This reduces voyage time and cuts the risk of getting involved in the Iran-Iraq conflict. The port has a 430-metre long quay. Vessels can also anchor three miles offshore in very deep water of 20-30 fathoms.

Two container ships can each be unloaded at the same time with the help of two 41-tonne capacity container cranes and over 4,000 TEUs can be stored in the nearby container park.

In 1980, a new roll-on roll-off pontoon was built up from two barges, enabling two large roll-on roll-off vessels to be unloaded onto the pontoon simultaneously.

There has been an increase in traffic, once again brought about by the Iran-Iraq war. Approximately 18,000 TEUs are handled annually. General cargo accounts for 60,000 tons.

Insurance costs are much reduced since vessels do not have to enter the Strait of Hormuz, Khor Fakkan is being 12 miles south of the point at which risk insurance becomes operative. Vessels anchoring outside the port also avoid payment of additional war risk premiums or port dues.

Khor Fakkan has therefore become a popular deep-water anchorage since the war began. All these factors lead the port to expect a further expansion of trade and industry.

Mina Saqr is the only deep-water facility in the Emirate of Ras al-Khaimah and is situated in the industrial areas of Khor Khuwair, 20 kilometres north of Ras al-Khaimah town. Because the Emirate produces the limestone used in concrete construction throughout the Gulf area, the export of aggregates provides Ras al-Khaimah with an ever-increasing source of income. This is likely to increase further with the start of construction work on the new Bahrain causeway. Over 2 million tons of cement are produced annually and a third factory, planned to open in 1984, is under construction, to increase production by a further million tons. Most of the cement is shipped out to Kuwait. The port has eight deep-water berths with a 1,600-metre long quay frontage. Three berths are used for general cargo while roll-on roll-off vessels are accommodated at a separate berth. Two berths are used for unloading bulk materials destined for the cement industry and one berth is specially equipped for the rapid loading of limestone aggregates. Last October a new specialised berth was opened to handle the increasing cement traffic. Transit traffic accounts for a large volume of the Emirate's trade as Mina Saqr is the most northerly port in the UAE, close to Iran. Storage space is provided by 29,000 square metres of sheds, plus extensive open storage space.

## KUWAIT-QATAR ECONOMIC TIES

Kuwait ARAB OIL in English No 5, May 82 p 52

[Text]

Kuwait and Qatar are the founder members of a host of Gulf and Arab funds, are partners in more than a dozen companies and have a share in economic agreements at bilateral Gulf and Arab levels.

The Minister of Finance and Petroleum Sheikh Abdul Aziz bin Khalifa al-Thani, in 1978, concluded with the Kuwaiti Minister of Finance, Abdul Rehman al-Atiqi, an economic agreement under which the two countries' economic and monetary policies were to be coordinated and commercial, industrial, financial and customs legislations integrated.

The Amir, Sheikh Khalifa bin Hamad al-Thani, ratified the economic agreement which also provided for strengthening economic, trade and technical relations. The agreement also allowed freedom for citizens of the two states to engage in economic activities, development projects and also freedom to move capital between both states.

The two countries are signatories to the Gulf Cooperation Council's unified economic agreements which aims at unifying economic policies of the GCC countries along the same lines.

Qatar's imports from Kuwait (re-exports), amounted to 15.27 million dollars in 1980 and 16.60 million dollars in 1981 while Kuwait's imports from Qatar (re-exports and products) totalled 25 million dollars in 1980 and 5.50 million in 1981.

The two countries are co-founders of the Manama based Gulf International Bankities and real estate.

Kuwait's latest and largest single investment was the recent 2.5 billion dollar purchase of the US Santa Fe Company. It is cur-

rently in negotiation with Gulf Oil to acquire some of Gulf's European refineries.

Al-Hamad said Kuwait's investments in the international market were safe because these are "governed by well-known and stable international laws and traditions."

He said Kuwait has been trying to divert more funds into Arab and Islamic development projects "but these have a limited absorptive capacity and there is no alternative for the international money markets if you want to maintain flexibility for your wallet..."

established in 1975 by Qatar, Kuwait, Saudi Arabia, UAE, Bahrain, Oman and Iraq.

### Co-founders

Both are members of the Islamic Development Bank and the Arab-African International Bank, while both countries are also co-founders of the United Arab Shipping Company.

Qatar and Kuwait are also partners in the Arab Land Transport Company and the Arab Investment Company.

The two countries are members in the Riyadh-based Arab Company for Oil investments and in the OAPEC owned Maritime Company for oil Transport.

Both Kuwait and Qatar are involved in the Alexandria based SUMED Oil Pipeline Company, the Arab Company for Pharmaceutical Industries; the Khartoum-based Arab Agricultural Development Organisation and Arab Livestock Development Company.

They are also members of the Beirut based Intra-Investment Company and are founding members of the Gulf Aluminium

**Rolling Mill Company** set up recently under the auspices of the Gulf Organisation for Industrial Consulting.

**Qatar and Kuwait contributed to the establishment of the Kuwait-based Arab Investment Guarantee Corporation.**

The two countries are also members of Arab Fund for Social and Economic Development and Finance and the Arab Development Decade to which Saudi Arabia, UAE and Iraq also contributed.

The two countries belong to numerous Arab funds and organisations like OAPEC, the OPEC Fund for International Development. The talks of Sheikh Khalifa bin Hamad al-Thani and Sheikh Jaber Al-Ahmed will certainly give further impetus to the economic and commercial relations which emanate from a similar approach to economic development.

CSO: 4600/316

FIRST ARAB CONFERENCE ON SULPHUR

Kuwait ARAB OIL in English No 5, May 82 pp 42-43

[Text]

In Qatar last year, a section of the busy Doha-Umm-Said highway was resurfaced using a sulphur-bitumen mixture. Visual examination over a period of six months, revealed promising results. The Qatari Petrochemical Company, at Umm-Said, is now producing about 50,000 tons of sulphur per year.

The predicted worldwide surplus of sulphur in the 1990's has sparked off considerable research interest, to develop new construction materials using sulphur as a binder.

Kuwait was the scene early last month, of the First Arab Regional Conference on Sulphur and its usages in the Arab World. The four-day conference, held at the Sheraton Hotel, aimed at exchanging information on various aspects of sulphur research. The conference was jointly sponsored by the Kuwait Institute for Scientific Research KISR, and the Kuwait Foundation for the Advancement of Sciences, KFAS.

Present at the conference were representatives from Kuwait, Saudi Arabia, the US, France, and nine other Arab countries. Participants presented nineteen 30 minutes papers, and 11 ten minute posters, covering their findings in the field of sulphur research.

In his inaugural speech, Abdul Aziz Hussein, Minister of State for Cabinet Affairs, deputising for the Amir, stressed the importance of such conferences in furthering knowledge for world economic and social development.

The conference opened with a general

lecture on the sources and uses of sulphur, and its economic viability. The speaker, Al-Nouri, Chairman of the Arab Federation of Chemical Fertilizer Producers, in Kuwait, stated that sulphur was derived from several sources in the Arab world, including sulphur-bearing rock, found mainly in Iraq, and from oil and natural gas obtained in Kuwait, Saudi Arabia, Bahrain and the UAE.

Internationally, the US, Soviet Union, Poland and Mexico are the main sources of mined sulphur. Sulphur derived from oil and gas is produced by Canada, the US, France, Japan and West Germany. Al-Nouri said that during 1980, sulphur production in the Arab world amounted to 1.7 million tons, and predicted that by 1985 production would increase to 4.5 million.

Until recently, the most important use for sulphur was in the manufacture of sulphuric acid, with about 95 per cent of this acid going for the production of phosphate fertilizers.

Following experiments showing that plants require sulphur, several countries have now started to add it to the soil as a fourth nutrient besides nitrogen, phosphorous and potash.

Extensive research is being carried out in the field of sulphur in road paving and construction. The element has proven to be extremely valuable in this role.

An interesting point is that sulphur may also be used as an energy source. It has been discovered that one ton of sulphur, when oxidised to form sulphuric acid, produces the energy equivalent of two barrels of oil.

The first paper, on the economics of sulphur, was presented by Dr. A. Al-Alami, representing the Arab Organisation for

Mineral Resources, in Morocco. Al-Alami stated that sulphur has an important role in modern industrial economics, its value to the chemical industry in particular has resulted in the setting up of several commercial suppliers.

#### **Competitive**

Sulphur recovered from petroleum and natural gas is competitive with other kinds because its production and cost are incidental, he said.

A number of speakers had devoted their research to the various aspects of sulphur use in highway paving and building. The recent energy crisis had led to increased efforts to find substitutes for asphalt. One of the most promising materials, undergoing a lot of research at the moment, is sulphur extended asphalt, SEA. In these mixtures, sulphur partially replaces the asphalt binder, thereby extending the asphalt.

Several experimental road sections incorporating SEA binders, have been constructed in the Middle East and North America over the last six years.

The use of sulphur extended pavement binders in the US, began some years ago, with the first field trials constructed on a major highway in Texas, in 1975, according to Dr. B. Gallaway of Texas A and M University. This trial, and many subsequent projects included the combined efforts of the Sulphur Institute in Washington DC, the Federal Highway Administration, State Highway Agencies, contractors and materials suppliers. Technical backup came from Texas A and M University's Transportation Institute, TTI.

#### **Trials**

According to Dr. Gallaway, TTI's role in the trials has been to design paving mixtures, evaluate mixture properties, monitor completed projects and measure their serviceability. TTI also carry out research into new uses for sulphur in pavement binder mixtures.

KISR, together with the highways department at the Ministry of Public Works, recently completed a laboratory study of SEA paving mixtures. These consisted of a locally produced asphalt cement, three types of conventional mineral aggregate gradations, and four levels of sulphur contents. This research was undertaken to evaluate the different mechanical properties of the mixtures with different sulphur substitutions, and also to discover their reaction to local

temperatures and to damage by water.

The results obtained from this study showed that the mechanical properties of the SEA mixtures at surface pavement temperatures of 20 degrees C to 60 degrees C, remained unchanged up to a 20 per cent sulphur level. A 40 per cent sulphur level resulted in an increased stiffness of all the mixtures studied. Mixtures with sulphur/asphalt ratios above 30/70 were found to be less susceptible to temperature changes, than those containing pure asphalt, and up to a 20/80 sulphur/asphalt ratio.

Mixtures with sulphur substitution at the levels studied, were found to be resistant to damage by water.

#### **Long-term**

The long-term effects on SEA are not yet known, the question of whether sulphur extended asphalt may become too brittle with age, has not yet been answered, however the short-term outlook appears good.

Dr. Bill Sterling, Deputy Director at the Kuwait Ministry of Public Works, is at present conducting an experiment on the possibility that sulphur may be 'eaten' by microbes. Bacteria in the soil, washed onto the sulphur extended asphalt will oxidize the sulphur, he said.

According to Dr. Sterling, the most important new development for the Ministry, is the Dynaflect machine, which provides a method for on the spot road quality control. Dynaflect uses a series of geophones to pick up movement in the road, analysing the road layer by layer. When material in the road has been compacted, dynaflect tests it. This is a major breakthrough in ensuring that roads are constructed correctly, he said.

Dr. Abul Kalam Azad, representing Dhahran University of Petroleum and Minerals at the conference, spoke of the development of sulphur based blocks for the construction industry. The local availability of sand and sulphur, combined with the fact that almost the entire construction in the Middle East relies solely on concrete blocks, makes it highly desirable to develop sulphur based blocks, he said.

#### **Topic**

Another important topic covered at the conference was the use of sulphur in agriculture. Apart from its use as a phosphatic fertilizer, sulphur is now being used as a plant nutrient, an animal feed, a pesticide, and for soil and water treatment in arid

**areas.**

Other uses include sulphur for the production of drugs for veterinary medicine, the disinfection of animal and poultry pens, and to produce solvents for use in hydroponics agriculture.

Dr. El-Sheltawi, representing Cairo University at the conference, discussed the possibility of coating urea pills with sulphur in order to obtain a slow-release fertilizer for agricultural uses.

The importance of sulphur in improving a number of crops was also discussed. Speakers from the Agricultural Research Center, in Iraq, revealed that Sulphur, added to the calcareous soil of central Iraq, positively affected barley yields in the area. At harvest, they said, the increase in green yield exceeded 200 per cent, as compared to a control experiment.

Other subjects discussed at the conference included the use of sulphur as a colouring agent in the glass industry, and in the production of granulated charcoal.

The third day was a break from the conference hall, and included visits to KISR, the Ministry of Public Works, and Kuwait University's Faculty of Science. Conference members were also given a tour of the local television studios, and visited the Kuwait towers and other local places of interest.

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BRIEFS

JOINT INVESTMENT--A joint Gulf investment authority will be set up by the capital exporting countries in the Gulf region to finance ventures in the developing countries. This was disclosed by the leader of the Kuwaiti delegation to the South-South conference, Faisal Al Khaled. Khaled, who is director-General of the Kuwait Fund for Arab Economic Development, said such an institution required only a very limited capital base because its emphasis would be promoting projects already existing in the South. Khaled pointed out that Kuwait was particularly active in financing joint ventures in developing countries. He also stated that the Kuwaiti fund had more than doubled the volume of its operations. The capital was expected to be increased to 850 million dollars for the benefit of 60 countries. "Our terms of lending have become more concessional and our role in the essential field of technical assistance continues to grow," he observed. Describing the conference as an "extraordinary achievement and a noble attempt," he said Kuwait expected that a workable proposition would emerge. [Kuwait ARAB OIL in English No 5, May 82 p 43]

FUND WITHDRAWAL--Al-Hamad, who was speaking in an interview with the Kuwaiti newspaper Al-Rai Al-Aam, said Kuwait would "take the lead in withdrawing funds" from US and European banks "if there was an unanimous Arab decision on this." Such a step has been advocated recently by the Arab Chambers of Commerce Federation as punishment for US-European support of Israel's policies. Al-Hamad urged conclusions of more "mutual investment insurance" pacts on the lines of the one Kuwait concluded with France recently. He described the Kuwait-France agreement as a "phenomenon promoting investment opportunities and a better spread of risks." Al-Hamad, who is a member of the World Bank Board of Directors, said the Bank "despite restrictions inherent in any international institution," is "The best organisation in the world currently working in the field of economic development." He said Kuwait and the Arab group are seeking to influence the Bank's policy with a view to securing more loans for Arab, Islamic and Developing countries in general and to give the PLO observer status at the Bank's meetings. [Kuwait ARAB OIL in English No 5, May 82 p 43]

CSO: 4400/316

RECENT CASES OF CORRUPTION, MISMANAGEMENT EXPOSED

People's Assembly Debates

Cairo AL-SHA'B in Arabic No 126, 18 May 82 p 8

[Article by 'Isam Sulayman; AL-SHA'B is the Organ of the Social Labor Party]

/Text/ Eng Ibrahim Shukri, chairman of the Socialist Labor Party, asserted that he does not believe that the discussion taking place about Tawfiq 'Abd-al-Hayy could just be connected to his person or charges attributed to him, because we will be finding and coming up against people like him constantly.

The chairman of the Labor Party pointed to the need to state who is behind Tawfiq 'Abd-al-Hayy, and said, "In my estimation, some day we will give him thanks because through his impetuosity he has perhaps revealed much to us about the corruption that has become widespread in many areas.

He added, "All the corruption we are hearing about regarding chickens and the like is caused by the corruption of honor. It was a party struggle in which one group won over another group in the Popular Development /Authority/, and it was well known and widely discussed that there are people who are ready to be silent and let this phenomenon go on, even in the context of more rotten goods for people to eat. That is the subject that must be discussed, because it is the people who pay the price, not the elite--indeed, the people who are hurt are the people underneath."

Eng Ibrahim Shukri said, "I wish we could be inspired to follow up on this issue, because it is necessary to restore trust to the people. However, the old bromide that stirring it up will harm Egypt's reputation or will hurt the merchants or the private sector--that's not true at all. Let me say that the whole world knows more about us than we do. I will give you examples not from the distant past but rather from recent times. The first thing we heard about Pyramid Heights was a report written abroad; then we learned about it here after that.

"Once a Swedish official was here and I was surprised to hear him ask me 'Who will get the telephone deal?' I asked him, 'What is this telephone deal?' He said, 'It is a deal and bids are out on it from a number of countries.' I told him,

'This is the custom, and it is a matter of price.' But I was surprised to hear him say, 'No, this is not a matter of price.' So the issue is that we are proceeding on honorable bases and in this case there will be trust and only the corrupt will escape, while we will be served by all the honorable people."

Responding to people who are afraid of raising the issue of corruption and the propagation of corruption, Eng Ibrahim Shukri gave examples from outside the country, saying "Abroad, people are not terrified of raising issues of corruption. For example, just at the mention that an advisor to the president in America took a bribe of \$1,000, the world rose up in arms there, even though that is not a large amount, and the issue was not suppressed. The same thing has happened in many countries, east and west. Therefore, it is shortsighted for us to say that the market will be affected.

"There are no secrets in the world. Information is available in its minutest details, and we obtain it from various countries.

"I adhere to President Mubarak's statement that we must resist corruption whatever it might cost us. I wonder how this person managed to get recommendations to open outlets in Cairo and Alexandria and recommendations on getting money from a bank.

"We must help honorable people and we must support lawful gain, but we cannot be content with or support unlawful gain."

#### A Heated Discussion but the Ministers Did Not Attend

This statement was made last week at a heated session of the Economic Committee of the People's Assembly that lasted about 4 hours, in which the issue of Tawfiq 'Abd-al-Hayy, on whom eight requests for information were presented (including three from the opposition by Eng Ibrahim Shukri, Sayyid Jalal and Mumtaz Nassar) was discussed.

Fikri Makram 'Ubayd, the deputy prime minister, attended the session, but the ministers of health, supply and the interior did not appear, although requests for information had been addressed to them.

At the beginning of the committee session, Sayyid Jalal, member of the Socialist Labor Party's parliamentary delegation, spoke, asserting "The whole blame lies with the government. The government is supposed to import food for the people." He wondered, "What is the commercial attache abroad doing? Why is he getting a big salary? Why do we send him out if we don't make use of him in buying what the people require?

"The government has resources, and it is the government which must deal in and import the people's sustenance, and not leave things open to plunder and pillage. So the issue is that there has been no decisive action on the government's part."

'Ali al-Hilali said, "How many of the crimes committed under the guise of self-sufficiency in food are acts by wealthy and rich people? We must deal with this matter. I agree with the view that holds that it is not true that discussing this issue will shake up the market. I endorse the view that Sayyid Jalal expressed, that is necessary to make use of commercial attaches in terms of the job of making comprehensive market and price surveys."

## We Have Raised the Issue To Draw Lessons

Sabri al-Qadi spoke, saying, "In our requests for information we raised the issue not out of hostility to Tawfiq 'Abd-al-Hayy but to draw lessons from the issue. Going by what we have read and heard from people who know him from al-Daqahliyah, his home area, he was a government employee, then a caterer, then issued the newspaper AL-TULLAB WAL-TA'MIR, then suddenly became a big importer and exporter. Here a question arises--can anyone be a major importer and exporter? Are there no rules?"

"Then how can somebody like that get to Eng 'Uthman Ahmad 'Uthman? How can he shelter himself in the umbrella of the Popular Development /Authority/? Tawfiq 'Abd-al-Hayy got a position in Development, which is headed by Eng 'Uthman Ahmad 'Uthman."

Sabri al-Qadi said, "Who sets out the policy on requirements? I have discovered that we have enough meat for 6 months. Is it the Ministry of Supply that determines who it will import from, or who will do the importing, especially since the chairman of the board of the Suez Canal Bank said that he had suspended dealings with Tawfiq, then received an order from the Ministry of Supply to give him credit of 4 million pounds? At this point the minister of supply was asked on what basis he had been given the credit and what rules the ministry followed when it wanted to give credits."

Sabri al-Qadi wondered what the rules were for keeping imports that were being inspected and had been found to be spoiled, then how it was that Tawfiq had left the country although he had been sentenced to 3 months in prison.

The meeting went on heatedly. The members talked about the lack of rules on imports and the inadequacy of surveillance methods in general and the lack of efficiency in health supervision agencies.

The strange thing is that the government, represented by Fikri Makram 'Ubayd, the deputy prime minister, asserted that the import profession did not have rules and that it, that is, the government, was preparing the draft of a law regulating the profession which would soon be presented to the People's Assembly to inhibit racketeers.

One member commented on that by stating "Is it reasonable that the government has not yet thought of regulating the situation after 8 years of economic liberalization?"

This was a picture of the meeting that started last Wednesday at 1730 hours in the afternoon under the chairmanship of Fathallah Rif'at, the chairman of the committee, and ended at 2100 hours. The date of 25 May was set for a second meeting and the Committees on National Security, Health, and Constitutional and Legislative Affairs were summoned to meet, since none of them had attended although they had been invited to this meeting.

The ministers of supply and the interior were also /invited to attend/ in conjunction with the points raised about them on Tawfiq 'Abd-al-Hayy's departure and the credit given him by the Suez Canal Bank.

## Al-Salihiyah Plan Criticized

Cairo AL-SHA'B in Arabic No 126, 18 May 82 p 7

/Article by 'Abd-al-Qadir Shuhayb/

/Text/ A daily paper published an item of news in its lead article last week stating that the Ministry of Land Reclamation had requested the allocation of 17.5 million pounds in the current fiscal year's budget to complete the al-Salihiyah project and the authorization of 21 million pounds for the same purpose in next year's budget.

This item of news again prompts numerous questions which had been raised on the al-Salihiyah project, specifically on its costs and consequently its economic feasibility. It has prompted President Husni Mubarak to declare the formation of a neutral committee to study and evaluate the project before it is repeated, or other similar projects to reclaim land in Egypt are carried out in the same fashion.

### A Rise in Real Costs

The basic economic feasibility study on the project which the Arab Contractors Company presented after that had been awarded to it by direct order, not by bid, shows that the project includes the reclamation and fresh planting of 150,000 feddans for 293 million pounds, meaning that the cost of reclaiming and freshly planting comes to 1,953 pounds per feddan.

However, the official papers that were prepared under the jurisdiction of the company carrying out the project, the Arab Contractors Company, claim that the total actual per-feddan costs of reclamation and fresh planting in al-Salihiyah had risen to close to 4,000 pounds, specifically 3,760 pounds, and that the costs per feddan included work on the infrastructure, the national structure and reclamation. Thus the actual costs doubled during the execution of the first phase of the project, which included the reclamation and fresh planting of 56,500 feddans.

The people carrying out this project justify this rise in actual costs by the differences in accounting methods. They consider that the costs of the infrastructure and national structure, which include the costs of constructing pump stations, main water transmission lines, main branches, main lines and electric stations, must be borne by the government and not added to the cost of reclamation and fresh planting, which came to just 2,000 pounds per feddan.

However, this justification should not be considered reasonable because infrastructure and national structure costs are not deducted from the total costs of reclamation in the other agricultural land reclamation projects in Egypt, including current ones.

Even if for the sake of argument one accepts the point of view of the people carrying out the project, contrary to the procedure being followed now in computing the costs of other land reclamation projects in Egypt, there will also be an increase

of 47 pounds in the actual cost of reclaiming and freshly farming each feddan, and the total increase in costs will thus be about 2.6 million pounds.

That does not account for the total increase or overrun in actual costs over those estimated in the project economic feasibility study. The area that has been reclaimed, which is estimated at about 56,500 feddans, has not all been farmed. In fact, an examination of the project at the site reveals that just slightly more than 1,000 feddans of the land that was reclaimed in 1979 have been planted. This means, quite simply, that about 54,500 feddans have not yet been planted. Planting them, according to estimates by people in charge of the project, will cost about 54.5 million pounds, because the costs of freshly planting each feddan are estimated at 1,000 pounds. This figure will represent a further increase in actual costs over the estimate in the feasibility study, making a total actual increase in costs of 57.1 million pounds. Thus the rate of the overrun in the execution of the first stage alone will be 51.7 percent, even, one should remember accepting the cost accounting method that the people carrying out the project adhere to, which excludes costs related to the infrastructure from the calculation of expenses.

This is a high rate when compared with the rate of overrun in the costs of constructing the High Dam, which, by the testimony of the late Eng 'Abd-al-'Azim Abu-al-'Ata, former minister of irrigation, came to just 6 percent, although the construction of the High Dam took 10 years (minutes of the People's Assembly, session 53, 1 April 1979).

#### A Review Is Requested

There is no doubt that we must pause before this matter to put our finger on its causes before continuing to carry out the following stages of the project to reclaim and freshly plant about 100,000 new feddans in the al-Salihiyah area, especially when we realize that carrying out the first stage of the project will use up 85 percent of total project costs--after deducting 70 percent of the original reclamation costs since they were allocated to financing machinery which would be used in carrying out the following stages.

A review of the project is necessary, out of concern for the public funds. Our public funds are not great, and this prompts us to wonder what likelihood there is that they will be squandered.

#### New Influence Peddling Scandal

Cairo AL-AHRAR in Arabic No 199, 17 May 82 p 1

/Article by Tharwat Shalabi; AL-AHRAR is the Organ of the Liberal Party]

/Text/ Counsellor Husni 'Abd-al-Hamid, the deputy socialist public prosecutor, told AL-AHRAR that the case of the fugitive millionaire Tawfiq 'Abd-al-Hayy would be submitted to the court of values in the next 2 weeks.

Counsellor Husni 'Abd-al-Hamid stressed that while it was being reviewed by the court, the case would reveal new secrets about the implication of some officials

in the corrupting of political life in Egypt and the exploitation of their influence and circumstances to give the fugitive millionaire personal facilities and benefits.

The deputy socialist public prosecutor added that the review of the case would reveal more serious items than those in the Rashad 'Uthman case.

Counsellor Husni 'Abd-al-Hamid said that the socialist public prosecutor's agency was now preparing the indictment in order to hand the case over to the court of values and that the decree would include any official, wherever he was situated, if his involvement or participation in the violations Tawfiq 'Abd-al-Hayy committed was established.

Counsellor Husni 'Abd-al-Hamid, who is to represent the prosecution in the case, stated that the indictment of the fugitive millionaire includes:

Gross inflation of his wealth as a result of speculation in the people's sustenance by importing rotten chicken and offering it for sale.

His commission of acts which had the effect of harming the country's economic interests, through his ability to acquire loans of 15 million pounds from banks and smuggle that out of the country.

The fact that he caused the reputation of the Egyptian economy to be shaken and confidence in the banks to be shaken, prompting some agents to withdraw their savings from these banks.

Trespassing against state lands, since the fugitive millionaire took over 20 feddans in Alexandria and obtained outlets to distribute his products without paying electricity and water tariffs.

On the readiness Tawfiq 'Abd-al-Hayy expressed to pay his debts to the banks, the assistant socialist public prosecutor said that even if that offer were made and Tawfiq 'Abd-al-Hayy did pay his debts to the banks, the case would not be suspended, but rather that its proceedings would continue, because damage was done to the Egyptian economy by the mere fact that the accused person had committed these crimes.

The deputy socialist public prosecutor said that he would request the court of values to impose sequestration on Tawfiq 'Abd-al-Hayy's money and possessions.

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NEED FOR CENSUS IN SINAI UNDERLINED

Cairo AL-AHRAM in Arabic 27 Apr 82 p 9

[Article by Sa'd Hamzah: "Will Sinai's Population Structure Realize Economic Development"]

[Text] The various state agencies have begun to turn their attention to the Sinai Peninsula since its liberation to eliminate the isolation imposed on it for long years. The studies conducted by these agencies have covered all the economic, social and other aspects, in addition to general plans for the future Sinai.

The time has come to change the face of restored Sinai. This requires first conducting a comprehensive population census for the entire Sinai, especially since there have been major developments in the population patterns and cadres. These changes have affected Sinai development in recent years. Therefore, what is required primarily is to conduct an accurate census of the Sinai Peninsula population and to classify this population into categories so that this census may act as an indicator for dealing with the comprehensive development.

The studies conducted by the specialized national councils according to the latest census conducted in Sinai in 1976 [sentence incomplete]. The initial results of the census indicated that the population of the liberated areas amounted to 101,000 people, excluding the population of the areas that had not been liberated yet. The Central Agency for Public Mobilization and Statistics [CAPMAS] has estimated the total population of the (unliberated areas) at nearly 147,000 people. Thus, the total Sinai population amounts to (157,104) people.

In their study, the Specialized National Councils assert that the general population density amounts to 2.5 persons per square kilometer. This is an extremely low density. The peninsula's area amounts to 6,714 square kilometers.

The biggest population center in the Sinai Peninsula is al-'Arish, with an estimated population of nearly 40,000 people or approximately 30 percent of the total Sinai Peninsula population. This large population is due to

numerous factors enjoyed by this province which is located at the mouth of Wadi al-'Arish in an area rich with its water resources and its abundant cultivable lands, all of which help human settlement.

This is why it is important to conduct immediately a precise population census before any studies on the other aspects, especially since the latest statistics on economic activity in the Sinai came in the 1966 census. These statistics provide some useful indicators and shed some light on the relative importance of the various economic activities [in Sinai]. The following percentages demonstrate these activities:

Economic Activity	Percentage
Agriculture, Livestock and Fishing	17.24
Mining and Industry	9.02
Construction and Building	7.41
Electricity, Gas and Water	1.41
Commerce	9.24
Transportation, Communications and Storage	16.60
Services	36.90
Indeterminate Activities	2.18

These statistics do not include nomadic bedouins, called by the census "groupings."

However, these economic indicators are very old and cannot be considered real indicators for correct measurement because the Sinai bedouin society is no longer a closed society as it was in the past and because some civilizational aspects have begun to infiltrate this society through two channels: first, the oil drilling companies operating all along the east coast of the Suez Gulf and, second, bedouin students who go to get an education outside the Sinai, especially in the universities.

This is why the process of settling on the land by way of university and higher education is important. Moreover, it is important to enhance scientific research to serve the society and to meet its needs to lead it toward a better future. It is also important to train specialists, skilled workers and intellectual leaders. Therefore, it is important to move some of the canal colleges into Sinai and to set up industrial institutes according to this society's special needs and circumstances. We will mention here as an example marine, aviation, livestock production and agricultural colleges, provided that such colleges are linked to Sinai's needs and to the studies concerning Sinai through the establishment of research centers, as stated in the recommendations of the Specialized National Councils. This should be

done by transferring the Sinai research and environmental service centers which are currently attached to the Ismailia College of Agriculture to the city of al-'Arish so that these centers may carry out research on land reclamation, the development of reclaimed lands and the development of livestock, fish and medical plant resources and economics. This is in addition to setting up a branch of the Suez Petroleum College in the town of al-Tur to conduct petroleum and mining courses in this area and to setting up an education college to train the teachers necessary for the area's governorates.

It is true that the Sinai Peninsula currently needs numerous cadres from outside the area. But if we conduct a census on all population categories and specializations in the peninsula first, then sound plans can be drawn up for the future development projects in the Sinai. We do not mean by the population census a census concerning supply statistics but rather a comprehensive census.

#### Chart Demonstrating Population Distribution in Sinai

Administrative Unit	Population Number
Al-Qantarah Sharq	299
Baluzah	1,244
Rammanah	833
Abu Hibrah	517
Rabi'ah	938
Qatibah	1,060
Nujaylah	980
Al-Khirbah	672
North Sinai Governorate	6,543
Ra's Sadr	286
'Uyun Musa	408
Al-Shatt	907
Aub Suwayrah	313
Wadi Sadr	276
Wadi al-Hasanah	47

Abu Rudays	1,076
Abu Zunaymah	13
Ra's Mal'ab	50
Wadi Gharandal	185
South Sinai Governorate	3,561

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EGYPTIAN TAKEOVER OF SINAI ADMINISTRATION DESCRIBED AS SMOOTH

Cairo AL-AKHBAR in Arabic 29 Apr 82 p 3

[Article by Khalid Jabr: "Ofera Becomes Sharm al-Shaykh Again; Egyptian Blood Has Begun to Run in All of Sinai's Veins"]

[Text] Ofira is the name which the Israelis selected for the Egyptian Sharm al-Shaykh. With this name, they wanted to turn the entire area into a part of the Israeli homeland.

But with the entry of Egyptian convoys from the west into the South Sinai territory, which was liberated a few days ago, within the framework of the Egyptian-Israeli peace trip, Egyptian blood has begun to run in Sinai's veins. As of the first moments, AL-AKHBAR was there observing all the details of the transfer of this area from the Israeli rule to the Egyptian administration.

With the onset of the morning of Sunday, 25 April, the three South Sinai towns of Sharm al-Shaykh, Dhahab and Nuwaybi' and the villages of Ra's Muhammad, Wasit and Taba regained their status as territories managed by Egyptians. The Egyptian administration has taken over all these installations. So far, nobody lives in them other than the Egyptian security forces which guard the area. These forces are civilian, not military, forces.

Also living there are the South Sinai Governorate officials and the Sharm al-Shaykh Town Council members.

As for utilities, they are almost fully available and all they lack are repairs on a few things damaged by Israeli radicals before leaving the town. Water, electricity and wire communications are available. The Israelis departed and left them [intact]. All these utilities need is management and maintenance.

Quiet Sharm al-Shaykh

Sharm al-Shaykh is completely quiet and deserted these days, except for the security forces, the governorate officials and a number of press, tourism and social affairs people. It is not a town prepared for tourist and military utilization and none of the Egyptian inhabitants of Sinai live in it. These inhabitants live in the shacks designated for them in the valleys around the town--valleys that are nearly 40 kilometers far from the town. This is why

when Israel left the town, it turned into buildings and streets totally void of social life.

This is what Israel has left in Sharm al-Shaykh. But what God has left is a charming nature, a dry and moderate climate throughout the day and beautiful beaches that can turn into international resorts because they are actually prepared. Moreover, there are two hotels with a capacity of 125 rooms. Behind the beaches, there are extremely high mountains with a variety of red, brown and black colors--all of which add to the place an irresistible charm. It is very easy for Sharm al-Shaykh to turn into an international summer or winter resort.

As for Dhahab, located (100) kilometers to the north on the Gulf of 'Aqabah, it is a center where a small number of bedouins gather. It also contains a tourist village with 42 rooms. Nuwaybi', the farthest of the South Sinai towns and the one closest to Ra's al-Naqab and the Israeli port of Eilat, also contains a number of bedouins who lived in it during the occupation and has a bigger tourist village with a capacity of 90 rooms.

#### They Departed Before Ten

The Israeli troops remained in Sharm al-Shaykh until 1000 on the morning of Sunday, 25 April. They were carrying on with their normal life in Ofira, the name they had given the place. The troops lived in special buildings set aside for them and the families lived in small villas, all painted in white and with a small garden in the middle of each villa adding to the charm of the place. Egypt has paid 16.5 million pounds for these installations. However, Israeli radicals have destroyed the fittings in these installations and smashed their contents. They have also set fire to the hospital and thrown its contents in the street and staged angry demonstrations against the withdrawal, thus compelling the Israeli security forces to evict them by force.

The israelis used to leave Sharm al-Shaykh, Dhahab and Nuwaybi' by night, after denuding the apartments of most of the contents. Whatever they could not carry with them, they have destroyed and thrown into the streets. The first sight meeting a person coming from Cairo to Sharm al-Shaykh is the sight of fires and leftovers abandoned behind by the Israeli residents of Sharm al-Shaykh.

Even though Egypt paid the price of these installations, no individual maintenance has been carried out for long months. The result is that Egypt has received houses, installations, equipment, machinery and apparatuses whose hypothetical life span is over, not only in terms of age but also in terms of usability.

#### First Step

The first step after the handover, according to Brig Gen Muhammad 'Abd al-Rahman 'Umar, chairman of the Sharm al-Shaykh Town Council, is to prepare the city for life anew and to provide all the means of living to the bedouins

living in the area and to all incomers, be they tourists or workers. He said: "The offices of the Town Council, located in the town's main quarter, will be prepared in the next few days. From there, we will proceed to the villages in which the sons of the Sinai live to find out their opinions and problems and solve them immediately because we have come here to provide the area's inhabitants with everything. A count will be made of the bedouins and identity cards will be issued to them. They will also be included in the social service and insurance lists and al-Sadat pension will be dispensed to those among them who qualify for it."

#### We Are Capable

Ibrahim 'Isa, the Sharm al-Shaykh Town secretary, said that restoring normal life to this town requires time, though not long, so that the damage done by some Israelis on their last day in the town may be repaired. However, the Egyptians are capable of running these installations in a better manner than they had been run in the past, and there will be no problem in transferring the administration to the Egyptian authorities. He said: "This Egyptian superiority became evident at the time when we took over the installations in Sharm al-Shaykh, Dhahab and Nuwaybi'. Even though the Israeli authorities imposed maximum restrictions on our movement and even though the Israeli forces remained in control of everything until 1000 am Sunday, 25 April, we have been able to absorb all the precise details concerning the area in the shortest time possible. We took over the remaining part of Sinai only last Sunday at noon. In record time, we will complete rebuilding and equipping everything so that we may develop the other 'underdeveloped areas.'"

#### Airport Ready

At Ra's Nasrani Airport, engineers Nabih Najib and Faruq Taj al-Din, who manage the airport said that the airport received the first Egyptian aircraft under the canopy of the Egyptian sovereignty at 1105 on Sunday, 25 April. The plane carried Maj Gen Yahya al-Shannawi, the Civilian Aviation Authority chairman, and a number of aviation and tourism officials and technicians. The airport also received the first passenger plane, an Air Sinai plane, on Tuesday morning. Among the passengers was 'Adil Tahir, the minister of tourism and civil aviation. The American pilot flying the plane said: "I am happy to hear for the first time the voice of an Egyptian air control officer speaking to the plane."

#### Port Guard

The Egyptian border and port guard forces have also taken up their duties. Brig Gen Mustafa Sa'id, commander of the port security police in Sharm al-Shaykh, said: "We actually started taking over the control positions on Sunday morning and we have brought two boats for the work. This number will be increased in a few days so that we may be able to control all the outlets in order that nothing may be smuggled by way of the sea. We will set up in Sharm al-Shaykh Port a passport unit and service units for transiting ships."

### **Electricity Plant Takeover**

Also on Sunday morning, the Egyptian engineers took over the electricity plant in Sharm al-Shaykh. Engineer Mahmud al-Jawhari, the plant manager, has said that the Egyptian capabilities are running the plant better than it has been run and that some damage in the generators is being repaired. The generators were not maintained recently even though Egypt paid the price of the plant. However, the Israelis did not carry out the needed maintenance and as a result, the plant's efficiency dropped. But the Egyptian technicians have been able to restore the plant to operation at full efficiency. The plant includes three generators, each with a capacity of 1,200 kilowatt/hours and three other generators with a capacity of 1,000 kilowatt/hours each.

### **Food Supplies Abundant**

Muhammad Sa'idiyah said that the available food supplies are enough to meet the needs of the area's inhabitants for 3 months at least. There are nearly 500 tons of flour, 110 tons of rice, 15 tons of oil, 10 tons of lentils, 50 tons of soap, (20) tons of tea, 150 tons of sugar, 10 tons of frozen poultry and meats and 2.5 tons of sesame-seed sweet, in addition to all kinds of canned foods and groceries. Fresh vegetables and fruits will arrive when regular transportation is established. A branch of the Egyptian Manufactured Goods Company and outlets for the distribution of popular clothing will also be opened.

### **Egyptian Pound Has Returned**

As for the currency in circulation, it was decided to abolish as of Sunday morning dealing with the Israeli shekel and to put the Egyptian pound in circulation. The Bank of Egypt initiated its activities immediately and took over the premises of the Bank of Israel which had been operating there earlier. Fawzi Fakhri Sa'id, the bank's branch manager, said that the bank is prepared to engage in all banking activity and to exchange [Israeli] currency at its value (shekel equals 26 mils). The bank cashes tourist checks and internal and external money orders. Contacts have been made with the hotels and the airport to open bank branches there to begin their work immediately.

### **International Mail**

As for postal services, the Suez Post Office officials have taken over the area and divided it into residential zones to make it easy to link the area with the motherland. As for tourists, Muhammad 'Abd al-Qadir Isma'il, the assistant director of the Suez postal services, and Sayyid al-Zayyat, the (postal agent) and the Sharm al-Shaykh post office manager, said that the office is fully prepared to mail letters and tourist cards from Sharm al-Shaykh, with the Egyptian postal stamp, to any country in the world. The postal service caravans will take over the other [postal] areas in Dhahab and Nuwaybi' in the next 2 days.

Thus, normal Egyptian life has returned to Ofira, or the Egyptian Sharm al-Shaykh. It has returned without any problems. On the contrary, the Egyptians have proven that they are capable of realizing everything and of surmounting obstacles because they are people who believe in building and who seek development.

With the passage of time, Sinai's contact with the motherland will grow stronger and this area will develop.

The caravans of building and construction are still at the start of the road and they have ahead of them a lot which they will accomplish, thanks to the determination of Egypt's sons.

8494  
CSO: 4504/297

WATER SITUATION IN AL-SHAYKH ZUWAYD IN SINAI

Cairo AL-AKHBAR in Arabic 17 May 82 p 4

[Article by Raji al-Wardani: "Miracle in al-Shaykh Zuwayd"]

[Text] Egyptian manpower succeeded in striking water in 3 wells in north Sinai within only 18 days of Israel's final withdrawal from Sinai. It is generally known that prior to its withdrawal, Israel destroyed everything it had made during the years of occupation. It destroyed 34 wells in north Sinai that were the lifeblood of more than 60,000 persons as well as herds of camels, goats, and sheep. The Egyptian authorities were compelled to agree to let Israel sell us water at 50 piasters per cubic meter. Israel gave us a deadline of 5 months after which the water would be cut off from the area of al-Shaykh Zuwayd and Rafah. It was up to us to act. As the days passed, Israel implemented the agreement at its whim. During some periods it cut off the water completely and at other times it permitted the water to remain on for only 2 hours per day. At the same time, the Egyptian administration was confronting this terrible challenge, working night and day amid the clamor of the herds of thirsty goats and camels, the expectant stares of the patient Sinai tribes, and the remnants of the destroyed wells. In the end we succeeded in achieving the miracle--a miracle in all the senses of the word which nonetheless are not new to our people.

How was this miracle achieved? What is the story of the men who took part in achieving it? Under what circumstances were they working? How were they able to overcome the most serious problem facing the inhabitants of the liberated areas in such a short time? What are the feelings of the people of the al-Shaykh Zuwayd area and how did they respond to the outpouring of water from the first well?

AL-AKHBAR was present on this unprecedented occasion and shared the joy of the inhabitants of the Sinai. It has brought back in word and picture the rush of water--as sweet as that of the Nile--above the heads of the people as they danced and cheered with joy and delight and the camels and goats rushed toward the water flowing down to the olive trees. The sacrificial animals were slaughtered and their blood mingled with the water of Salam Well No 1 in sacrifice and supplication in al-Shaykh Zuwayd. All the inhabitants came from within hundreds of kilometers carrying empty waterskins and bringing goats that had almost died because of the scarcity of water. The best moment

was when one of the patrols of the UN peace-keeping forces arrived, two Dutch soldiers among its members. They asked us, "What is the secret of this happiness. Have you discovered oil?" We answered with the thrill of victory that we had tapped the artery of life flowing under Egyptian land through the efforts of Egyptian manpower. We had discovered water.

#### Five-Month Deadline

The leader of this great effort was Mahmud Riyad from al-'Arish. He wept as he pushed the button on the well drilling machine sending the water rushing toward the sky through the huge pipe. Before it reached the ground, Mahmud was picking it up, raising his arms, and getting his clothes wet in delight. I asked him how this operation began. He said: "Before we regained our liberated land on 25 April, we joined hands with the executive organizations of the governorate and we made a vow to ourselves that we would overcome any difficulties or obstacles that Israel put in our way to distort the image of Egypt among its inhabitants who suffered 15 years of occupation. On 20 April, we were issued orders by Yusuf Sabri Abu Talib, Governor of Northern Sinai, to take in all the equipment and water piping in cooperation with the Commercial Office Company. The drilling rigs were to be sent in with the first settlement groups. On the evening of 25 April, 20 vehicles carrying the necessary piping, technicians, and workers entered the areas of al-Shaykh Zuwayd and Rafah. We found to our surprise that Israel had destroyed all the water systems and wells. It became clear to us that we were in the process of accomplishing a miracle that Israel thought could not be done in 5 months, which was the deadline Israel had set for cutting off our water. However, through the determination of the men we were able to break all records. I was so happy when the executive director told me, 'Bring your machine and your pump.' We cleaned out three wells which are now operating at a high capacity. The pumping of water will begin in only 2 days."

#### In Only 11 Days!

The young executive director, Eng Hamdi Salamah al-Kashif, was full of enthusiasm and vitality. He lived in the tents of the work camps with the workers night and day for 18 days. I asked him about the circumstances under which they worked. Engineer Hamdi said: "Immediately after our stores arrived in the liberated areas, we began working in two directions. The first was the cleaning out of the wells by hand to make it possible to clean them out by mechanical means for technical reasons. The second direction was the linking of these wells with a main system rather than with the pipelines destroyed by the Israelis. These tasks were expected to require a month for completion at the lowest estimate. However, through the perseverance of the Egyptian worker, we worked 24 hours a day. The operation consisted of three teams working shifts and each team consisted of a technical installation crew with a power drilling rig as well as 23 drilling workers. Thus we finished laying the main network in only 11 days!"

#### Iron Obstructions

I asked: "How did you find the wells left by the Israelis and what condition were they in technically? Eng Salih Mahmud 'Isawi, chief of the

of the al-'Arish water utility, said: "We found the first well in al-Shaykh Zuwayd, Salam No 1, completely destroyed. The pumps and the pumping systems were removed and the well was filled with debris--the remnants from the plowing of the area. On 26 April, the manual cleaning of the well was completed and we found that the level of the water after cleaning was 15 meters. A pump and a diesel engine were installed and the well was equipped for pumping. Now the well produces at a high capacity--65 cubic meters per hour--and the salinity of the water is 350 parts per million, which is lower than the salinity of water from the Nile. We found well no 2 in the same condition. Pumping at this well will begin in 48 hours. As for the third well, we were surprised to find iron obstructions in it. It was not feasible to clean it out completely so another well is now being drilled near it."

Another question: Will the water of these wells be used for drinking or for agriculture? The chief of the water utility answered: "This water is for drinking and will supply al-Shaykh Zuwayd, Abu Tawilah, Qabr 'Amir, and al-Kharubah with drinking water."

#### Forbidden to Egyptians!

We leave the heroes of this operation momentarily to meet the inhabitants of the area. Marziq Husayn al-Ashqar, a Bedouin of al-Shaykh Zuwayd came pulling his camel along. He was followed by his wife driving the goats and his children carrying water skins. The family had traveled 40 kilometers to reach the site of the well after finding out that they would begin pumping water from the well on that day.

Hamdah Husayn, a citizen in her sixties, mother of two sons and four daughters, came with her sheep. She stayed an entire hour looking up toward the sky and praying, "God blesses you, keeps you, and gives you life."

'Id Samih, another citizen from the al-Shaykh Zuwayd area, came from a spot called al-Malahah 30 kilometers from Salam Well No 1. He said: "I've been walking day and night looking for water. When I found out that there would be water from the well, I came here right away. The camel is thirsty. We are going to slaughter the sheep and make an offering at al-Shaykh Zuwayd."

The Bedouins gathered around the AL-AKHBAR photographer in genuine joy and ask that their regards be sent to the citizens of Cairo. One of them, Muhammad Hasan, said: "This well was opened in the days of the occupation and supplied only the Israeli settlements because the water was sweet,"

#### Drilling Problems

The latest type of drilling rig in Egypt was used to drill the wells. Concerning the difficulties faced by the drilling group, Executive Director Yahya 'Abd-al-Halim said: "The biggest problem we encountered was the lack of water necessary for our operation. We were forced to bring tanks full of water from al-'Arish. In order to save time, we put forward the idea of making a cement water storage tank to hold the water because we were fighting against time. We acted quickly, made a hole, and covered it with plastic from

the inside to prevent the water from leaking. And so our operation continued." When the Egyptian mind is at work, no problem can overcome it!

'Abd-al-Halim Abu Zayd, chief of the two rigs, added: "Another problem we encountered was getting the rig into the area and then to the well site. The land here consists of loose sand that is hard for a human being to move through, much less a machine. Moreover, the well must be drilled in the highest area and it was difficult to get the rigs up there."

The number one problem of liberated Sinai is water. No development can begin there without water. If we want to transform our joy at its return into work in its behalf, we must begin immediately confronting the biggest of its problems, namely, water. We consider these men magnificent Egyptian models worthy of imitation. They were not satisfied to say "Congratulations" to Sinai. Rather they did something for it that makes us proud of our people.

8591  
CSO: 4504/311

IRAN

VELAYATI CLAIMS BAGHDAD NOT SECURE SITE FOR SUMMIT

Tehran TEHRAN TIMES in English 3 Jun 82 p 1

[Text] Havana, (IRNA)--Foreign Minister Velayati in a press conference in Havana Tuesday said that Baghdad would not be a secure venue for the upcoming Non-Aligned Movement Conference and holding the conference in Baghdad would be a weakness in the history of the movement.

Urging that Iran would never negotiate with the criminal regime of Iraq and would continue defending its Islamic homeland, he expressed the government's thanks to the peace missions for their failure.

The foreign minister suggested that Cuba, as the host country, should make efforts to save the movement from defeat and said Iran was expecting most countries to boycott the Baghdad venue.

Asked whether a cease-fire would be possible for the duration of the Baghdad conference, Velayati said that such a cease-fire would entail certain conditions and he held little hope in Baghdad accepting reasonable conditions.

He said that they were dealing with a regime that flouted international standards and committed terrorist activities, and he cited the Iraqi attack on the Algerian foreign minister's plane as one example.

The foreign minister favored Cuba as an alternative venue and he assumed that Iran's friends would support such a suggestion.

On Iran's military capability in the war, Velayati said that Iran proved it was more than capable to defend its "dignity and prestige" as recent victories illustrated. He said when Iran was able to defeat the U.S., Iraq proved no problem. When asked would Iran cross the border into Iraqi territory, the foreign minister said even though Iraqi forces had been pushed back to the border lines, Iranian territory was still subject to Iraqi artillery fire and therefore Iran should extinguish this fire.

Meanwhile, Dr Velayati met his Libyan counterpart here Tuesday and held discussions on changing the venue of the September Non-Aligned Conference as well as the countries' relations.

Also in a meeting with the Algerian Foreign Minister, Khalid Ibrahim announced his country's support for Iran in changing the venue of the upcoming conference.

Meanwhile, in a meeting with the Angolan foreign minister Velayati outlined the recent victories of Iranian forces and Iran's position in the Iraqi imposed war. He once again urged that expulsion of Iraqi forces was the first condition for ending the war and Iran would continue until it achieved the other conditions, too.

Velayati then reminded the Angolan official that in the first days of the revolution Iran severed its political and economic relations with South Africa and stopped exporting oil to that country, adding that Iran always supported any struggle against the expansionist desires of South Africa.

Dr Velayati then announced Iran's readiness to expand cooperation with Angola in the oil, economic and industrial fields.

Velayati reiterated that Iran would continue to defend its rights when he met with the Non-Aligned Peace Mission in Havana.

Speaking to the peace mission, consisting of the foreign ministers of Cuba, India, Zambia and the PLO representative, Velayati outlined again Iran's peace terms.

Referring to a map of the area prepared by Iraq, the foreign minister said that Iran did not officially recognize Iraq's geographical area as depicted on the map since it included Iranian territory invaded by Iraq. Stressing again that Iran had no designs on any other countries' territory he added that while Iranian villages and towns were constantly being bombed by Iraq, peace conditions could not be carried out.

CSO: 4600/537

RAFSANJANI: SATISFIED ISLAMIC REPUBLIC IS STABLE

Tehran TEHRAN TIMES in English 2 Jun 82 p 1

[Text]

TEHRAN --- The Islamic Consultative Assembly (Majlis) Speaker Hujjat ul-Islam Ali Akbar Hashemi Rafsanjani yesterday encouraged a country-wide assembly of State Welfare Organization authorities to promote widespread participation of Iranian women in welfare tasks, particularly in refugee and relief areas effected by war, for which women were most suitable, reported IRNA.

Rafsanjani told the audience, who travelled to Tehran to attend a Welfare Seminar here, that Islam greatly supported providing means of welfare to the deprived and the oppressed and the officials, hence to shoulder a Divine responsibility.

Added the Speaker We are fully satisfied about the permanency and stability of the Islamic Republic system. Our enemies abroad, who had packed their suitcases to France, England and America hoping to return one day to Iran. are now frustrated and

humiliated since Iran defeated their masters.

He said now that the nation had become stable and the signs of Iran's victory are fully reflected in all fields, the enemies of Islam have now hatched a new plot propagating that Iran has bought military weapons from Israel.

Rafsanjani said the conspiracy is launched while Iran serves as a base for Palestinian fighters against Israel and when Islamic Revolution has clearly adopted a resolute stand to denounce Israel.

"We firmly declare, once again, that the very presence and existence of Israel in the region is illegal and illegitimate.

The Majlis Speaker added no other country has taken such a clear-cut and determined approach against Israel and Iran has shown in practical terms its opposition with the Zionist state.

Talking on anti-Iran campaigns programmed by international oppression to darken the bright face of Islamic Revolution, Rafsanjani said: When

the Jordanian regime entered into war to help Iraq against Iran, the enemies of the revolution weaved plots to save Iraq from being humiliated.

"Sa'ad Haddad, agent of America and Israel, was made to announce; 'We are ready to enter the war to assist Iran.' They are people who hatch such conspiracies to harm the revolution and its spread especially after Iran liberated Khorramshahr.

"Following immoral methods -- like a prostitute who gets close to a dignified man to defame him -- they try to show that Iran buys arms from Israel.

"More foolish is that they say Iran has purchased weapons worth \$27 million from Israel. They fail to understand that if Iran needs arms worth \$27 million one mobilized group can wage a night raid on Iraqi aggressors and get away with even more arms and ammunition. This is the most humiliating for occupiers of Quds and its supporters."

CSO: 4600/536

FIRST SADR EMBASSY OPENED IN TEHRAN

Tehran TEHRAN TIMES in English 2 Jun 82 p 2

[Text]

TEHRAN, (IRNA) — The Sahrawi Arab Democratic Republic opened its embassy in Tehran Monday in a ceremony attended by Iranian government officials and representatives from 15 embassies in Tehran.

At the ceremony, first Ma'alaynian Sadiq, the Sahrawi Ambassador, delivered a speech on the opening of the first Sahrawi Embassy in Asia and thanked the Islamic Republic for giving this opportunity to his country and hoped for the success of the Islamic Republic under the leadership of Imam Khomeini.

Sadiq, who is also a member of the Polisario Political Office, added that the opening of his country's embassy here would be a great step toward the expanding of relations between the Revolution of the Saharan people and the Islamic Republic of Iran and he said that it would be a symbol among the rightful stands of

the Islamic Republic in support all the oppressed of the world and liberation forces.

Later, Ahmad Azizi, the Deputy Foreign Minister of the Islamic Republic, who was at the ceremony expressed his pleasure on the opening of the Sahrawi Embassy, while praising the struggle of the Saharan people he hoped that they could progress in building their country in a land free of occupation by foreigners under Islamic and Quranic laws.

Also the Ambassadors of Algeria and Mauritania who took part in Monday's ceremony told IRNA that it was a great day and it was a sign that the Islamic Republic was not only supported by the revolutionaries and the oppressed in words but also in action.

The Algerian Ambassador who made this comment added that the Islamic Republic had put pressure on Morocco with this action /in support of the

oppressed Saharan people.

Then the Mauritanian Ambassador commented that he was certain that this embassy would be opened for the oppressed Saharan people and their legal government.

Iranian and foreign guests at Monday's ceremony were, Azizi, Deputy Iranian Foreign Minister, Dr. Banki, the head of the Plan and Budget Organization and President Khomeini's representative at the ceremony, Dr. Ghafuri-Fard, Minister of Energy, and the Ambassadors of Algeria, Mauritania, the PDRY, Palestine, Libya, Lebanon, Nigeria, Cuba, the GDR, Bulgaria, Hungary, the Soviet Charge d'Affaires, and the representative of Eritrean Liberation Front in Tehran.

The Islamic Republic first established diplomatic relations with the Sahrawi government on June 22, 1979, and the SADR Embassy officially began its work on February 26, 1980.

CSO: 4600/536

FOREIGN TRADE NATIONALIZATION LAW PUBLISHED

Tehran KAYHAN INTERNATIONAL in English 2, 3, 7 Jun 82

[2 Jun 82 p 4]

Articles 13-16

[Text]

**Article 13**

The general policies of the centers shall be drawn up by the General Assembly, with due regard to the policies and regulations prescribed in Article 2.

**Article 14.**

The subject of activity and the amount of capital of any center, and changes in any of the cases, shall be at the suggestion of the Ministry of Commerce and approval of the General Assembly.

NOTE:- During the 2nd year of establishment of any center, and for the purpose of separation, of subject of its activity the Ministry of Commerce can, if necessary, establish new centers, subject to the approval of General Assembly.

**Article 15:**

Armament goods that are imported or exported by military and security agencies of government, as well as oil, natural gases and the products derived from them, that are imported or exported by the Ministry of Oil or its affiliated bodies, shall not form the subjects of activities of the centers.

NOTE:- Wherever necessary, the cabinet can entrust to the centers the purchase and export of some of the goods that are covered by Article 15.

**Article 16:**

A Council, called the High Council of the Purchase and Export centers, will be formed to discharge the following functions

- a) To effect coordination in the affairs of centers.
- b) To supervise the good performance of the executive affairs of centers.
- c) To issue executive instructions and circulars for centers, based on the general policies that are laid down by general assembly of centers and Ministry of Commerce.
- d) Presentation of proposals and advisory views to general assembly of centers for decision making.
- e) Other duties assigned in this law and relevant statutes.

[3 Jun 82 p 4]

## Articles 17-18

[Text]

### **Article 17:**

The High Council consists of the following seven members:  
— Deputy Minister of Commerce, at the suggestion of the Minister and approval of the General Assembly of centers, as the chairman of the Council.  
— Four salaried members, at the suggestion of Minister of Commerce and approval of general assembly of centers.  
— Two unpaid members from the relevant deputies of the Ministry of Commerce, selected by the Minister.

The executive regulations of the council will be included in the executive regulations of the Law.

NOTE 1:- The High Council of centers is duty bound to invite to its sessions at least two of the chairmen of boards of directors of centers, as advisors.

NOTE 2:- Appointment of the salaried members of the Council shall be for two years, and there is no objection to them being reappointed. Their dismissal before the expiry of the period shall be at the suggestion of the Minister of Commerce and approval of the General Assembly.

## **CHAPTER THREE**

### **Representative Agencies (Bureaus) Abroad**

#### **Article 18:**

Subject to the suggestion of the High Council of Centers, confirmation of the General Assembly of centers and approval of the Council of Ministers, the Ministry of Commerce is dutybound to establish bureaus affiliated to that Ministry in other countries to carry out the following functions. The activities of these bureaus must be with the information of, and coordination with, the Embassy of Islamic Republic of Iran in that country.

- a) Coordination of commercial executive affairs abroad.
- b) Investigation and assessment of the world markets and obtaining information required by the centers.
- c) Other matters that centers, in relation with their duties entrust to these bureaus.

NOTE 1:- Suspension or isolation of these bureaus will be at the suggestion of the Minister of Commerce, confirmation of the General Assembly of Centers and approval of the Council of Ministers. The executive regulation for establishment, suspension or isolation of these bureaus will be prepared by the Ministry of Commerce and approved by the Council of Ministers.

NOTE 2:- The budget of every bureau will be incorporated in the annual budget of the centers. In administrative, recruitment, financial, transaction and legal affairs these bureaus will observe the regulation of centers.

NOTE 3:- The chiefs of bureaus will be appointed by the Minister of Commerce.

[ 7 Jun 82 p 4]

Article 19

[Text]

**Chapter 4  
Commercial Service Companies  
Article 19**

Commercial services companies, hereafter called briefly "company", will be established to carry out the following functions in relation to the goods subject to their activities.

- a — Forecasting and estimating the level of requirements.
- b — Accepting the orders from the public, cooperative and private sectors.
- c — Ordering purchases from abroad to the relevant centers.
- d — Clearance.
- e — Maintenance and Protection.
- f — Main and primary sale and distribution, and delivery of all quantities of the imported goods of the centers.
- g — Cooperation, coordination and supervision of the main and primary distribution of imported goods.
- h — Coordination and supervision of the main and primary distribution of similar domestic products.

**Article 20**

Every company is a corporate body, formed and administered as a limited liability company, affiliated to the Ministry of Commerce and all its shares belonging to the government.

**Article 21**

The general assembly of the commercial services companies will consist of the Ministry of Commerce, as the president of the general assembly the minister of economic affairs and finance, the head of the plan and budget organization, the minister of industries, the minister of agriculture, the minister of roads and transportation, the minister responsible for Construction Jihad, the minister of mines and metals and the governor of the Bank Markazi of Iran.

Note 1 : The general assembly of commercial services companies will perform the functions of the general assembly of each of the companies.

Note 2 : With the exception of the minister of commerce, every member of the general assembly can nominate one of his deputies as his fully-authorized representative to attend the general assembly in emergency cases.

**Article 22**

The ministry of commerce is dutybound to establish all companies, after their statutes have been approved, within a maximum four months after the approval of the executive regulations of this law.

Note 1 : The subject of activities and the amount of capital of every company and changes in any of the cases will be subject to the suggestion of the minister of commerce and approval of the general assembly of the companies.

Note 2 : During the second year after the establishment of every company and in order to separate the subject of these activities the ministry of commerce can, wherever necessary, establish new company(s) subject to the approval of the general assembly.

**Article 23**

The general policies of the companies will be determined by the general assembly of the companies, with due regards to the policy and regulations contained in article 2 of this law.

CSO: 4600/533

AL-NAJAF RELIGIOUS SCHOLAR INTERVIEWED

London AL-DUSTUR in Arabic No 227, 29 Mar 82 p 27

[Interview with Ayatollah Ali Kashif al-Ghata' by Abdul-Wahhab al-Qaysi in al-Najaf al-Ashraf: "Whoever Cooperates With the Zionists Is Not a Muslim"; date not specified]

[Text] AL-DUSTUR: Iran claims that Iraq started the war. What do you think of this claim?

Imam Kashif: Before I start answering this question let me say that there is no country in the world that respects itself and would allow a foreign country to interfere in its own affairs under any pretext. Iraq is not a Persian province where Iran can change its governor or force him to resign. Iraq is a country that has its dignity, sovereignty and independence. Khomeyni personally discussed the appointment of a Wali (governor) with some prominent figures in Iran. After this direct intervention in the internal affairs of Iraq, can we trace no intentions on the part of Iran, except the bad and aggressive ones, and the intention to export problems to the peaceful country of Iraq? Do we need clearer proof than this as to who started the war?

Khomeyni came to power having in mind the toppling of the leaderships of the region and taking the Arabian Gulf. But Iraq firmly confronted him and put an end to his plans. They (the Iranians) hit cities and attacked the innocent. Their broadcasts, for 14 hours a day, mobilized people for war. It is natural therefore that every action has a reaction. This reaction could be stronger than the action itself. When President Saddam Husayn confronted the Iranian aggression, he acted according to religion, Shari'a, and tradition. The hadith says: attack those who attack you.

AL-DUSTUR: A while ago, the Iraqi prisoners of war were executed by the Iranians. How does this act coincide with Khomeyni's claims to Islam?

Imam Kashif: These matters puzzle the critic and make the heart of the generous and intelligent bleed. The execution of the prisoners of war is considered not only a religious crime, but also a moral one from which God has barred the Muslims and ordered them not to undertake. It is a savage crime that inflames hearts and which Islam and Muslims do not commit or condone.

AL-DUSTUR: Why in your opinion, did Khomeyni reject ending the war?

Imam Kashif: Khomeyni dreams a lot. He is a slave of power. He dreams of an empire from the shores of the Maghrib to the borders of Indonesia. It is difficult for him to acknowledge the truth, because he thinks that he is the truth.

He wants to surround himself with a veil of holiness. His stubbornness stems from arrogance. There could be foreign forces behind his arrogance. Even his false claims that Imam Ali is no longer in his place in holy Najaf is only an attempt to undermine the significance of the holy city and to blame Iraq for that. But more importantly he meant to focus attention on the city he built and called "Haidara."

AL-DUSTUR: What is the attitude of Islam toward those who deal with Israel against the interests of the Muslim Arabs?

Imam Kashif: May God be the witness. That is a taboo. Whoever seeks the assistance of the Zionists to destroy the Muslims is not a Muslim. By such practices, he commits the greatest of sins against Islam. Islam rejects cooperation with enemies of the Muslims. The arms deals between Israel and Iran have been revealed. Since the shah used to deal with Israel, it seems to me that nothing has changed in Iran in that regard. The form changed but not the content. The banner for the liberation of Palestine which was raised in Iran is only for domestic consumption, and to attract Arab cooperation.

AL-DUSTUR: Khomeyni asked his people to call him Mahdi, what is your comment on that?

Imam Kashif: The Mahdi is a descendent of the blessed Imam. He is the twelfth descendent of Ali ibn Abi Talib (Peace be upon him). Khomeyni is not an Arab. He is not a descendent from the house of Ali or the twelfth Imam or even from Quraish. His claim that Imam Ali was transferred into Qom is a false claim and runs counter to what historians have agreed upon. His claims cannot be accepted by a rational man. And if it was true, historians would have mentioned it. Not one historian has mentioned that. How does Khomeyni make this claim which historians never noted? Whom did he use to visit when he was residing in the holy Najaf?

AL-DUSTUR: Through your companionship to Khomeyni in Najaf, how did you find him?

Imam Kashif: He was discrete and mysterious, not trusting others. He pretended to fear God. We did not know what was hidden. I had a friendship with Bani Sadr. One year I visited them for a month in Ramadan. I met with Khomeyni and had a few audiences with him. He was withdrawn and showed no interest in politics, and did not express his opinion frankly. He seemed schizophrenic. The war which Khomeyni imposed on Iraq was not for the benefit of Muslims, but for the arms merchants. The West is the only beneficiary of this war in which Muslim blood is shed.

AL-DUSTUR: What is your attitude towards the Syrian regime, especially at a time when Asad and Amal organization participated in the blowing up of the Iraqi Embassy in Beirut and the shelling of Hamah, while Israel is annexing the Golan Heights?

Imam Kashif: The blowing up of the embassy indicates a weakness and a total deterioration of morals. I don't understand how principles can be confused. Asad shelled Hamah's terrified children, women and the elderly, and killed the youth. Why didn't he do the same against Israel? What is the attitude of those who claim to be Muslims toward such a non-Islamic act?

AL-DUSTUR: How do you respond to the Iranian propaganda campaigns against Iraq?

Imam Kashif: Since the moment President Saddam Husayn assumed his constitutional duties as President of the Iraqi Republic, we have not seen him committing any religious or temporal sins. All his actions have been good and have observed the spirit of Islam and its teachings (may God protect him for Iraq, the Arabs, and the Muslims). Nobody has done what President Saddam has. He provided protection for the poor, the widows, and the handicapped, and provided a salary to those who cannot work.

This man acts according to the spirit of Islam, its instructions and values. Those who want to implement Islam should start with their own peoples and should not interfere in the affairs of others. The Iraqi's are free to choose their representative and they don't need the interference of others. Those who conspire against Iraq should instead work for the good of their peoples instead of pushing thousands to die.

AL-DUSTUR: How do you evaluate the call of President Saddam Husayn to stop war and resort to reason on the one hand, and the insistence of Khomeyni to continue the war on the other?

Imam Kashif: Unfortunately, Iranian arrogance has not changed. What Khomeyni claims, that the Prophet Mohammed did not complete his message, and that Khomeyni came to complete it is a serious matter that deserves a pause and analysis. This man is arrogant and does not accept the logic of reason. His arrogance and love for power have led him to become a slave of it. His innovations should be confronted. The Prophet Mohammed says in a hadith: If innovations appear, the scholar should apply his knowledge, otherwise God would send him to hell. I say that Khomeyni has thrown the Iranian people into this war. He insists on its continuing because he has badly failed to achieve anything worth mentioning. I call upon him to save the blood of the Muslims and to listen to the logic of truth, and not to interfere in the affairs of Muslim countries. He should return to the reform and welfare of his people and the protection of the weak in Iran against hunger and deprivation. He should resort to the arbitration of the Koran if he truly follows it.

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CSO: 4404/427

IRAQ

BRIEFS

NEW IRAQI ENVOY--YAR Foreign Affairs Minister 'Ali Lutfi Ath-thawr today received the credentials of 'Aqil Jasim Husayn as plenipotentiary ambassador to the YAR. [GF101346 San'a' Domestic Service in Arabic 1200 GMT 10 Jun 82 GF]

CSO: 4400/327

PERES DISCUSSES W. BANK DEMOGRAPHICS, ELECTIONS

Jerusalem THE JERUSALEM POST MAGAZINE in English 14 May 82 pp 4-5

[Interview with Shimon Peres, Labor Party chairman, by Mark Segal and Sarah Honig; week of 10 May 1982, place not specified]

[Text]

**LABOUR PARTY** chairman Shimon Peres fears that "time is running out for Israel." Speaking to members of *The Jerusalem Post* editorial staff this week, the Opposition leader explained: "It is not a question of time not being on Israel's side, but of the government's misuse of it."

He expressed concern about the government's "negative actions, such as the undermining of the open bridges policy in the West Bank, and an ill-considered settlement policy." He pointed out that in order to achieve Jewish parity with the Arab population of the West Bank, the government would have to settle at least 850,000 Jews there. "This at a time when the Arab birth-rate in Judea and Samaria is 30,000 a year," he declared with concern.

The biggest problem facing Israel in the decades to come, said Peres, would be the demographic one created by the government's annexationist aim. "The majority of babies being born between the Jordan River and the Mediterranean are Arab," he stressed. "Nothing stands still. Because of the government's total concentration on Judea and Samaria, insufficient attention is being paid to the rest of the country. In Galilee we have fallen to 48 per cent of the population for the first time, and our position is threatened in

Greater Jerusalem. There is competition between Jewish and Arab forces within the 'green line,' and Arabs are even buying tracts of land in the Tel Aviv area.

"A number of cabinet ministers seem to think that one can uproot the Palestinian problem, like a dentist pulling a tooth, by the use of military means," he said deploringly.

The Begin government appears not to be aware of the current favourable climate for negotiating with the Arabs, if only because of their disarray. "The cabinet seems to prefer to miss the opportunity," he lamented.

Referring to the dawn of a nuclear arms age in the Middle East, Peres conceded that "no one can hold up technological advances.

"But," he added, "it is certainly possible to alter political directions."

**THE MAIN BURDEN** of his criticism of the government's management of the nation's affairs involved the drawn-out autonomy talks ("we could have completed them a year ago"), which he feared could sour relations with Egypt; the deterioration of Israel's international position; and Israel's borrowing from the U.S. in order to underwrite an artificially high standard of living, with all the negative

political consequences.

This is why the time factor is so pressing. "Our aim is to effect a speedy change of policy and direction, which is why it is imperative to replace this government as quickly as possible," he declared. After characterizing the government as "being of Herut and by Herut, with the other partners blindly following Menachem Begin," the Labour leader spoke of three possible scenarios of change.

The first, which he described as the "least likely," is a national unity government. Contrary to the widely-publicized version, Peres maintained that Premier Begin had not in fact made a bona fide offer to the Labour Party to join his government. "It all amounts to a political tactic," Peres held. So far no direct approach has come from the prime minister — all the proposals were related through third parties, such as the NRP.

Also, Begin's precondition that the Labour Party formally revoke its earlier decision against sitting in the same government with the Likud, was to Peres's mind "irrelevant" and "motivated by a wish to foment internal disunity and break up the Labour Alignment." Moreover, Begin was being deliberately vague about which portfolios he was ready to let Labour have, Peres noted. "All that Begin was willing to promise was

that we would be given 'important portfolios,' and we know what is important to him," Peres added with a chuckle.

HIS SECOND scenario entails early elections, which he favours. Peres spoke with confidence of the healthy state of his party and its electoral prospects. "We are in a much stronger position than the pundits, pollsters and gossip columnists think," he declared, basing his optimism on the 1981 election results.

He claimed that because of "some of our technical errors" Labour had lost an electoral potential of 60,000 to 100,000 votes last year. The failure to link up with the Independent Liberals had cost 13,000 votes; another 7,000 votes were lost on the independent pro-Labour Russian immigrants' list; two Labour-affiliated Arab lists deprived the party of another 20,000 ballots. In addition to which Shulamit Aloni's CRM had a surplus of 10,000 votes which went to Shinui because of their surplus pooling agreement. What's more, about 10,000 potential Labour voters were abroad on their summer holidays, and "we know for sure that at least 6,000 of them were kibbutzniks.

"Labour had to maximize its electoral potential," he said, "not run after those who scream 'Begin, Begin' at rallies."

Turning to the lessons to be drawn from the last elections, Peres said: "It was a combination of Begin's luck and our mishaps [puncturism]." On the last week-end before the elections, the polls predicted 51 seats for the Alignment. "However," Peres recalled, "we lost four seats that weekend. Three due to Dudu Topaz's unfortunate remark, and one to the publicity surrounding the Meridor energy invention."

Begin had been helped by four events: the replacement of Yigael Hurvitz at the Treasury by Yoram Aridor ("the 60,000 colour-TV sets had more impact than 60,000 speeches"); the bombing of the Ira-

qi nuclear reactor; Sadat's visit to Ophira; and President Ronald Reagan's "Dear Menachem" letters. "But I doubt whether there would be a repetition of such fortuitous happenings in the next elections," said the Labour leader.

He went on to point out that Labour's problem was not so much electoral as being able to form a coalition government. As he put it, only 100 out of the 120 Knesset seats would be up for grabs, with the remainder going more or less automatically to the religious parties and the communists. In such a situation no single party can achieve a majority on its own.

Peres then explained why only new elections might help the NRP and the Liberals or some of them to extricate themselves from the Begin embrace. "Begin is more religious than Burg and more nationalistic than Hammer," he noted sardonically, pointing out that the NRP's dilemma is Begin's attraction to its constituency which grows stronger the longer they maintain their partnership.

As for Agudat Yisrael, Peres recently cautioned them: "All that money you are getting will ruin you."

Before proceeding to the next point, he conjectured that new elections could be held in November 1982 or May 1983.

THE THIRD Peres scenario involves the formation of an alternative government in the present Knesset. This he described as "essential but of unclear likelihood."

Prodded to clarify his frequent predictions of the imminent fall of the Begin government, Peres contended that "the government indeed nearly collapsed earlier this year, but Begin did not draw the expected conclusions from the tied no-confidence vote."

Here he added in a revealing comment that he does not regard himself as being on the defensive against Begin's charismatic appeal. He asserted that "personal charisma" plays a far smaller role in politics than is popularly supposed. In fact, it plays hardly any role at

all. "If Begin's appeal is so overpowering, then why did he lose in the first eight elections he contested? Begin at his zenith does not come out any more popular than his Likud list. I believe that his party would get the same without Begin. In a bad economic situation and dire political circumstances, a thousand Begins would not manage to bail the Likud out."

Peres also referred to Moshe Dayan's Telem list, which despite Dayan's legendary appeal was the biggest flop of the 1981 campaign.

Talking of himself, Peres remarked: "They said I was not attractive, but nevertheless the Alignment drew more votes under my leadership than ever before in its history."

Now in his fifth year as party chairman, Peres has never lost a vote in the party councils; and his 72 per cent vote in last December's leadership contest marked the largest majority any leader had ever won in his party's history. No one else had had to face such a difficult task in building up the party after its 1977 fall from power, and "no one else in our party was ready to confront the prime minister with the same consistency and resoluteness."

PERES DWELT on the changing nature of Israeli society, not only its demographic problems but also its lack of political commitment. An in-depth poll conducted by Labour had shown to their dismay that over 50 per cent of the public declined to identify with any particular party. Labour's leadership being constantly engaged in keeping its various parts together did not help matters.

Peres expressed his profound concern that schools were not educating youngsters to accept democracy as a matter of course; a concerted drive must be made to inculcate in the next generation an awareness of how essential it is to have public debate and a free press.

Asked why the Labour Party does not pursue reforms of the Histadrut, which it controls, the party chairman said he personally was more interested in planning how

Israel can best cope with the scientific-industrial revolution now sweeping the world. "I would rather look ahead to this great vision that will push new people up to the front, than get bogged down in the reform of the Histadrut. We have to ponder the New Socialism, with its shift from étatism to community life, the need for science-based industry, the shift from class-consciousness to globalism, a revolution that looks ahead and not to the past," he declared.

Asked what Labour would have done differently from the Likud, Peres said: "We would not have allowed the situation in the territories to deteriorate in such a manner. More people have been killed there since Ariel Sharon took charge than during the previous 15 years."

Settlement policy would have differed and the four outstanding points in the autonomy talks would

have been cleared up already.

At this juncture he wondered how Telem could contemplate joining a government that was ruining Moshe Dayan's great contribution — the open bridges policy.

Labour would not have cut the education and development budgets. As to relations with the religious parties, the Alignment would not have given in on so many issues, certainly not on abortions and post-mortems. Labour would never have agreed to the Orthodox demands on the "Who is a Jew" issue. "The religious parties would never have dared to insist on such changes in the status quo with us."

However, when asked about the stopping of El Al flights on Shabbat, Peres was more equivocal, arguing that he personally would be ready to accede to the Aguda demand, "because, after all, it's only a question of money." □

CSO: 4400/297

## ISRAEL

## WEST BANK CASUALTY STATISTICS REPORTED

Jerusalem AL-FAJR in English 7-13 May 82 p 4

[Text]

The Israeli army spokesman released, April 30, an official calculation of the number of dead and wounded since March 18 — the day al-Bireh council was dissolved. They announced that nine Palestinians were killed and 90 "injured." For the record Al Fajr went back through our files of officially allowed news reports for the past two months. Israel's censors permitted publication of news of 20 deaths and 298 "injured" were all hospitalised — shot, seriously beaten or tear gased. We started our table from March 6, the day of the first bullet-wounding of the present wave of uprisings.

Date	Village/Town	Area	Wounded	Dead
6/3	Nablus		2	
7/3	Nablus		1	
8/3	Ramallah		20	
10/3	Nablus		2	
	Bethlehem			
15/3	Bethlehem		3	
17/3	al-Bireh		1	
20/3	Sinjal	Ramallah	16	● Abdallah Suweil, 17, 'shot by settlers' ● Ibrahim Kur'an, 17
	al-Bireh			
	Nablus			
	Hebron			
21/3	Askar	Nablus	5	
	Balata	Nablus		
	Rafah	Gaza Strip		
	Halhoul	Hebron		

22/3	Deir Ammar Jalazoun & Ramallah	Ramallah	17	● Muhammad Deib, 17
24/3	Jenin Khuza'a Bani Na'im	Gaza Strip Hebron		● Fathi Kanouh ● Bassem Najjar, 13 ● Farhan Mansur, 18 (settlers)
26/3	Halhoul	Hebron	1	
27/3	Nablus		2	
28/3	Yaabad	Jenin	3	
29/3	Khader	Bethlehem	1	
8/4	Ain Yabrod	Ramallah		
11/4	Jerusalem		62	● Azizeh Issa, 50, (settlers) ● Jihad Bader, 21 ● Muhammad Saleh Yamani, 65
12/4	Kalandia Ramallah Jerusalem Nablus Dheisheh Gaza	Ramallah Bethlehem	16	
13/4	Nuseirat & Jabalia Jerusalem Am'ari Balata	Gaza Strip	56	● Suheil Ghabban, 8,
18/4	Husn	Ramallah		
20/4	Jenin	Nablus		
21/4	Rafah	Bethlehem	1	
24/4	Qabatya	Gaza	3	
25/4	Kalandia	Jenin	1	
26/4	Tubas al-Aroub Yamoun	Hebron Jenin	5	
	Nablus			
27/4	Nablus		5	
28/4	Khan Yunis Jabalia Nablus Dhahiryya Dheisheh	Gaza Strip Gaza Strip Hebron Bethlehem	50	● Hussein Abd al-Fatah 17, died from wounds received two-weeks ago ● Jamal Shaladeh, 19 ● Abdal-Rahim Jaradat
29/4	Halhoul Sa'ir	Hebron Hebron	2	
1/5	Nablus		1	

2/5	Shu'fat Halhoul Ramallah	Jerusalem Hebron	3	
4/5	Khan Yunis		4	
5/5	Jenin		9	
	Jabalia	Gaza		● Ihsan Abu Daraz, 18
	Arroub	Hebron		● Saleh Abadi
				● Abdel Abadi
				● Muhammad Khatib
				● Abdullah Zeid
				● Jalal Afaneh
				● Maysoun Salman died of wounds (received 3 days earlier)

CSO: 4400/324

KIBBUTZ RESEARCH PRODUCES EXPORTABLE TECHNOLOGY

Jerusalem THE JERUSALEM POST in English 21 May 82 p 6

[Article by Charles Hoffman]

[Text] Eight years of research and development paid off last week for the Kibbutz Industries, which made the first sale abroad of a plant that converts cow manure into methane gas, animal feed and fertilizer.

The plant, the first model of which was installed at Kibbutz Kfar Giladi, was sold to an Italian agricultural equipment firm for \$330,000. The development of the plant, called the Nefah project, cost about \$2 million, 80 per cent of which was provided by Energy Ministry grants for the development of alternative energy sources.

Ministry scientists said that the plant is the "most efficient of its kind in the world," and provided solutions to both energy and ecological problems.

The cow manure is fed into a vat, where it is blended and heated in an

"anaerobic digestive process," which causes the organic matter to break down. The process produces methane gas and a slurry rich in proteins and vitamins but low in disease-causing bacteria. The slurry can be used as a food supplement for fish and cattle, and can be further broken down into a peat substitute used for fertilizer.

The Chinese have been using this system for thousands of years, and are still doing so today in a slow, labour-intensive way.

The second kibbutz to buy a plant was Zikim, which did so last year. The Nefah project director Dr. Uri Marhaim said that negotiations to sell more plants are now in progress with firms in France, the U.S. and Mexico. The plant sold to Italy produces 800 cubic metres of methane and one ton of slurry a day.

CSO: 4400/322

## RELIGIOUS ROOTS OF PEACE MOVEMENT EMPHASIZED

Jerusalem THE JERUSALEM POST in English 1 Jun 82 p 10

[Article by Robert Markovic]

[Text]

FORMER MK of the NRP David Glass recently suggested that "there is no need to go searching for a liberal, humanistic approach towards minorities. It is sufficient to look at Jewish sources and draw therefrom true pearls of such an approach."

The Israeli left including the peace movement, have failed to heed his advice and remain content with "secular" foundations for their beliefs, leaving Judaism in the hands of Gush Emunim. In ignoring the Jewish tradition, they have enforced a negative stereotype of themselves as being purely secular and of Judaism as purely reactionary; worse, the most convincing and eloquent justification for the claim that "peace is greater than Greater Israel" is lost.

The Tora has much to say on the subject of Jewish-Palestinian relations. "When a stranger resides with you in your land, you shall not wrong him. The stranger who dwells with you shall be to you as one of your citizens; you shall love him as yourself; for you were strangers in the land of Egypt, I, Adonai am your God" (Lev. 19:33-34). Admittedly, it is difficult to speak of a normative Jewish outlook, but the Tora contains no less than 36 such adjudications regarding the treatment of the stranger.

Rabbinic literature is no less prolific on the subject of minority rights. The Mishnaic tractate Gittin teaches that, "we must support the poor of the non-Jews with the poor

of Israel, visit the sick of the non-Jew with the sick of Israel, and give honourable burial to the dead of the non-Jew as to the dead of Israel, because of the ways of peace (61A)." The Rambam even legislates this compassion into one of the 613 mitzvot. When presenting the case against collective punishment, shooting to break up demonstrations, police harassment and the like, one should refer to the tradition that 'has implanted a regard for the rights of strangers in our midst. One need not approach religion in stereotyped, socialist terms as "confining" or "evil"; for, in so doing, one only aids the Kahanes and Levingers who continue to preach Judaic distortion to a new generation of yeshiva students.'

Jewish sources and history are far from silent on peace and its relative importance vis à vis Eretz Yisrael. Chaim Potok in his book *Wanderings* correctly points out that during the reign of King Solomon, a portion of the Israelite coastline near Acre was ceded to Phoenicia.

This act took place without the public consternation one might expect in giving up a part of biblical Israel. The concept of the holiness of Eretz Yisrael pervades the Talmud, but to my knowledge there is not one passage which prevents a withdrawal from part of the biblical land to achieve peace. The pursuit of peace is regarded as one of the supreme national goals of the Jewish people.

Here are two of the many examples which illustrate this. "Rabbi Shimon Bar-Yohai said: Great is peace, for all other blessings are contained therein... Heyekiah said: Great is peace — concerning other commandments it is written, "If you shall see..." (Ex. 23:5), "If you encounter" (Ex. 23:4), "If you chance upon" (Deut. 22:6) in short, if the opportunity arises to perform the commandment, you must do it, but if the opportunity does not arise, there is no obligation. In the case of peace, it says *"seek peace and pursue it"* (Psalm 34:15), (Lev. Rabbah 9:9).

Rashi, commenting on the verse, "And I shall grant peace in the land" (Lev. 26:6), cautions: Lest one say, "As long as there is food and drink, it does not matter if there is peace, therefore, it is written, after all the other blessings, "and I shall grant peace in the land," thus teaching that peace equals all else, as in the prayers, "who makes peace, who creates all." (Rashi on Sifra to Leviticus 26:6).

The Israeli left must present its case to those who still hold the tradition dear. There must be a return to the sources to find implications for every aspect of our lives. To ignore our Jewish roots and to see the mitzvot as a system practised by "the other side" is a type of tunnel-vision, which only weakens the case. Members of the right-wing Orthodox community continue to alienate the Israeli public from Judaism through their strident opposition to peace and compromise; it is now the job of the left to wrest the tradition from their hands and carry it proudly. As Shavuot should teach us, we should realize that the Tora can be given anew in each generation only if we are willing to accept it.

CSO: 4400/321

COUNTRY'S AFRICAN POLICIES ANALYZED

Jerusalem THE JERUSALEM POST in English 30 May 82 p 10

[Article by Robert Einav]

[Text] ZAIRE'S DECISION to renew diplomatic relations with Israel has evoked a pronounced optimism in government circles, the press, and among the public. Expectations are that a host of African states are eagerly waiting for the right moment to follow in Mobutu Sese Seko's steps. Israel's withdrawal from the Sinai, it is suggested, has removed the major obstacle to normalization of ties. Such states as the Ivory Coast, Gabon, the Central African Republic, Kenya, Liberia and even Nigeria will soon follow suit.

Zaire's move is an important and welcome development, one that has been awaited (and worked on) since the signing of the Camp David Accords. Nevertheless, it is far from certain that other African states will also decide to re-establish relations.

Zaire's action does break a psychological barrier — to use Sadat's favourite words — but the question remains whether the reasons that led to Zaire's decision reflect a trend on the African continent or are unique to Zaire.

In the heyday of the 1960s, African leaders visited Israel, and Golda Meir, Yitzhak Ben-Zvi, and Levi Eshkol toured Africa. Economic cooperation was coupled with political support. Then came the severance of diplomatic relations in 1972-73. To evaluate what may happen now, we must consider the issues that led to the break in relations and the current alignment of forces in the African continent.

Solidarity with Egypt, a fellow

African state, is a major factor here. Several states, including Nigeria, Senegal, Ivory Coast, Liberia, and Botswana severed ties only after Israeli forces crossed the Suez canal and "invaded Africa," as it was so insensitively referred to in Israel.

Other considerations were evident. Several African states explained their break with Israel not only in terms of solidarity with Egypt but with the Arab states in general, and strongly opposed the occupation of territory by force. The withdrawal from Sinai, although a step in the right direction from this point of view, does not solve the problem. Indeed Zambia's Kenneth Kaunda has just reaffirmed his country's intention not to renew relations until Israel withdraws from all the occupied territories.

A key factor underlying the break was Arab pressure: threats and promises from Libya, Algeria, and Saudi Arabia, as well as Egypt. Using the double-edged argument of Islamic solidarity and economic aid, the Arab countries were able to influence states with large Moslem populations and those facing serious economic and political instability.

Saudi Arabia's King Feisal visited Africa in November 1972. A few days later Chad ruptured ties with Israel, reportedly receiving a \$90m. loan from Feisal, almost \$100m. from Libya, and an undertaking from Muammar Gaddafi to cease his support of Chadian rebels.

Arab pressure is no less felt to-

day, despite the normalization with Egypt. Within a few days of Zaire's action, Saudi Arabia and Qatar severed ties with Kinshasa and other Arab states are likely to follow their example. The Arab League is considering an emergency session to discuss the situation and has decided to dispatch two delegations to tour Africa. The Arab Bank for African Economic Development has suspended all aid to Zaire.

Not only do the reasons for Africa's severing ties with Israel still exist, but some have even been exacerbated by developments during the last 10 years. More significantly, in assessing the prospects for Israel's return to favour, it is imperative to realize that the Africa of 1982 is not the same as the Africa of 1972. A reversal of the factors that led to the breaking of ties in 1972 will not necessarily lead to their renewal today.

SEVERAL RECENT developments may act in Israel's favour. These include the establishment of diplomatic relations between Israel and Egypt and the Sinai withdrawal; France's pro-Israel stance, in contrast to the days of de Gaulle, Pompidou and Giscard d'Estaing; and the growing East-West division in Africa, partly in response to increased Soviet (Cuban-Libyan) activity.

Intra-African cleavages have been compounded by a sharp split within the Organization of African Unity over the Saharan issue of the war between Morocco and the Algerian-backed Polisario. The problems of economic development, adversely affected by huge oil bills in the past decade, have resulted in a quest for new sources of external assistance. The failure of Arab states to meet some African aid expectations and the feeling that the oil states, as well as the industrialized West, are responsible for economic setbacks have generated a renewed interest in Israeli technical aid and expertise.

There are, however, developments that act against Israel's interests. The Seventies saw the emergence of a growing, Marxist-oriented pro-Soviet and anti-West group of states, including Angola, Mozambique, Ethiopia, Benin, Cape Verde, Guinea-Bissau,

Madagascar, Sao Tomé e Principe, and Zimbabwe. Although their degree of orthodoxy varies, this alignment has contributed to existing African support for a strong pro-Arab stance on the Middle East conflict.

A related impediment is the changed OAU position on the Middle East. After the Six Day War, the OAU avoided taking a clear-cut stand. By 1972, it not only demanded withdrawal from the Arab territories, but also strongly condemned Israel and recognized Egypt's right to use any means to recover its territory.

In 1982, this position has evolved into support for the PLO, Palestinian self-determination, and the creation of a Palestinian state, coupled with a demand to curtail links with Israel. The current split in the OAU effectively prevents any attempt to alter the OAU position. It may also hamper any concerted action by the anti-Israel bloc to stop moderate member states from renewing ties.

Zimbabwe's gaining independence with majority rule has been a major development, one intensifying the struggle against the white regime in South Africa and its importance in African foreign policies. In this context, Israel's growing economic and strategic/military ties with South Africa are a serious liability. For example, Botswana, one of the last states to break relations with Israel, is unlikely to be among the first to renew relations, because of its position in the front line of the struggle against white rule.

Nor can one ignore important developments in Arab-African cooperation, both bilateral and multilateral. Arab aid to African states, directly or via organs such as the Arab Bank for African Economic Development, has been extensive — at a level that Israel cannot match.

Cooperation has been reinforced by Arab-African conferences and plans for joint development projects. These ties have had a strong influence on several potentially pro-Israel states: Kenya, which has increased economic and strategic links with neighbouring Arab states; Gabon, a member of OPEC; and

Ghana, a recent signatory to a long-term oil supply agreement with Libya.

Finally, passing of several pro-Israel leaders from the political scene — Ethiopia's Haile Selassie, Liberia's William Tubman, and Ghana's civilian government — reduces the likelihood of a widespread resumption of relations.

GIVEN THESE difficulties in African-Israel relations, why did Zaire choose at this time to renew relations? Will similar reasons lead other states to do the same?

Zaire is facing increasingly difficult economic and military/security problems. Its potential source of aid in both these spheres, the U.S., has domestic and strategic difficulties in fulfilling Zaire's requests. This is where Israel has come in.

The Reagan Administration's plea for large-scale economic aid to Zaire was recently rejected by Congress, where widespread opposition was voiced against supporting a corrupt, unpopular and unstable regime. It is quite possible that Mobutu Sese Seko's move was designed to influence the administration, pro-Israel congressmen and the Israeli lobby to take a new look at Zaire's request.

Prime Minister Begin has since offered to help present Zaire's case in the U.S. (The idea that close ties with Israel could generate increased U.S. aid to Africa was heard in the 1960s as well.)

No less problematic is the military/security aspect. Zaire's central location, size, and mineral resources have major strategic importance. This has led to indirect U.S. intervention to prop up the present regime, both via France and through logistical support for Moroccan troops in the 1977 and 1978 Shaba unrest.

However, support from the U.S. and its allies is less reliable today. The new socialist government in France is more reticent about military involvement. Morocco has suffered severe military and diplomatic setbacks in its war over the Sahara. Hosni Mubarak has yet to indicate a willingness to continue Sadat's policy of permitting Egypt to act as a Western surrogate on the continent.

Direct U.S. intervention to stabilize Zaire's regime in face of internal or external threats is out of the question. It might lead to a Soviet response or would seriously weaken the U.S. case against Soviet-Cuban involvement in Angola and Ethiopia, as well as attacks against Libyan subversion. The U.S. desire to use regional allies to further its strategic goals, without direct intervention was a major reason for the Memorandum of Understanding on Strategic Cooperation between the U.S. and Israel. It is in this context that Defence Minister Ariel Sharon's visit to Zaire in November 1981, when the foundations for a renewed Israeli-Zairois cooperation were laid down, must be evaluated.

Are there any other states for whom Israel could play a similar role? The answer would appear to be no. States with serious military/security and economic problems such as Sudan, Somalia, and Morocco, which seek increased American aid and support, are unlikely to sanction Israeli participation.

Others, such as the Central African Republic, rely on France rather than on the U.S. Here, too, there is little room for an Israeli role. It would seem that the reasons leading to Mobutu Sese Seko's decision might be applicable only to Zaire.

NEVERTHELESS, now that Zaire has broken the psychological barrier, other states may reconsider their relations with Israel. There are 18 pro-Western states whose interests have converged over economic and security issues, notably the Soviet-Cuban presence, the Saharan war, and Libyan subversion. At least half of these countries — Comores, Djibouti, Gambia, Niger, Sudan, Senegal, Somalia, Morocco, and Tunisia — are either members of the Arab League or have majority Moslem populations. They would not, at present, be ready to establish or renew relations with Israel.

The other eight states in the pro-West grouping are Ivory Coast, Gabon, Kenya, the Central African Republic, Liberia, Mauritius, Sierra Leone, and Togo. Israel has had unofficial diplomatic representation in

the first three (as well as in Zaire and Ghana). At least two, Kenya and Sierra Leone, would probably refrain from adopting a new stance at present: the former because of its position as current chairman of the OAU and the latter in light of a recent agreement with the Islamic Solidarity Fund.

Israel now has diplomatic relations with five African states: Malawi, Swaziland, Egypt, Lesotho, and Zaire. The potential for expansion would allow a presence in a maximum of a dozen states at best, or less than a quarter of the continent. This would be a significant development. However, it is difficult to foresee more than a few states taking such a step as establishing ties with Israel, given the strong hostility of at least half of the continent's countries (the pro-Soviet and Arab/Moslem states).

A major breakthrough can come only in the wake of a change in attitude by the remaining dozen neutral states. Should the moderate states establish relations, whether the others will follow suit is still an unanswered question. The key here seems to be Nigeria. Only Nigeria has the standing and influence to sway the neutrals. Unfortunately, the prospect of such a Nigerian move is slim.

Despite the development of extensive commercial ties between Nigeria and Israel, at least four factors are acting to preclude such a step. Nigeria's population is about half Moslem, and this group provides the major power base for the government. Secondly, in the quest for African leadership,

Nigeria does not want to alienate over half the African continent. Thirdly, Nigeria has taken a leading role in the anti-South African struggle, and Israel's extensive ties with the white regime inhibits a Nigerian move. Fourthly, Nigeria's economy, shaken by the oil surplus, has been propped up, both substantively and strategically, by OPEC, of which it is an important member.

These factors might be mitigated somewhat by the conflict of interests between Nigeria and Libya. Both seek to expand their influence in the continent. Tensions related to differences on the Chad civil war and Libyan penetration into West Africa might increase as the OAU summit in Tripoli approaches. Nigeria could adopt a pro-Israel stance as an outgrowth of its opposition to Libyan behaviour, but in all probability, it will refrain from any initiative in order to generate additional support.

GIVEN the rather special context of U.S.-Zaire-Israel relations, Kinshasa's renewing of ties with Israel may well remain an isolated event. A far from certain alternative is that Zaire's backing the long-term trend maintaining Israel's diplomatic isolation may encourage several of the small group of pro-Western states to take a similar decision. A more remote possibility would be a breakthrough to Nigeria and the uncommitted states. This development would remove some of the negative implications of Israel's present re-entry on one side of a Cold War struggle for influence in Africa.

CSO: 4400/322

## COOPERATIVE PROJECTS WITH EGYPT SUGGESTED

Jerusalem THE JERUSALEM POST in English 29 Apr 82 p 8

[Article by David Krivine: "Putting Peace Into Practice"]

[Text]

THE FINAL HANDOVER of Sinai this week ended the first phase of Israel's new epoch of cooperation with Egypt. Meanwhile, a group of economists, under the auspices of the Tel Aviv University Middle East Cooperation Project, has been giving some thought to the second phase.

Indeed, if there is no second phase, the normalization process between Israel and Egypt could dry up. The Tel Aviv economists have produced a plan, however, that may not only ensure a continuation of the process but also may actually cement the peace treaty. It involves creating an activity that could bring substantial material benefits to the Egyptians.

Egypt is badly in need of devices to create wealth and employment. The country is poor, most of it desert. The population of 44 million grows at the rate of one million every 10 months, all concentrated in an area equal to 3.5 per cent of the country's land surface.

Israel, on the other hand, is able to supply some of the ingredients necessary for accelerating development. There is a strange complementarity between the two economies: The Jewish state possesses technology, but lacks spare labour and water; Egypt has spare labour and water, but lacks technology.

Israel has enterprises that have reached the limit of their growth, at least in the conventional products they manufacture — standard consumer goods, for the most part. Conventional industries are becoming the province of newly developing countries with low labour costs. Israel's labour costs have soared, compelling it to find refuge in capital-intensive and technology-intensive branches.

Egypt can take over where Israel left off. Egypt has a surplus of manpower and an available domestic market. That market is not much larger than Israel's, but Egypt's gross national product — and, therefore, its national income — are at present growing faster than Israel's. The authorities in Cairo are glad to substitute home-made articles for imported ones. They look with favour on labour-intensive undertakings that give work to idle hands.

In short, Egypt offers a promising field for those conventional or traditional industries which, in Israel, have reached the end of the road.

COMPLEMENTARITY suggests partnerships, and these are what the TAU Economic Cooperation Project is thinking up. The projects must not be of benefit to Egypt alone; they must provide earnings

for the Israeli side, too. Nobody should be doing anybody any favours. That is the meaning of freedom to do business under competitive conditions (which the late President Sadat introduced into his country).

The merit of the partnership system from Egypt's point of view is that it offers growth possibilities without the need for any action by the government.

The chances of success are good, because Israel has already developed these industries effectively. The companies in Israel that failed have gone the way of all flesh. Those in the running for joint projects today are enterprises that know their business.

They have outlived their birth-pangs and have matured. If they become partners in plants in Egypt, with their own capital committed, they will have a vital interest in the success of the new venture.

The advantages of working together can be exploited in a variety of ways. The two sides could divide the production process between them, letting each factory do what it does best.

To compare large with small, something can be learnt from the alliance of the Japanese Honda firm with British Leyland in manufacturing a passenger car. The Japanese send over the engine and trans-

mission, the British supply the rest.

Alternatively, goods previously made in Israel could be manufactured in their entirety equally well and more cheaply in Egypt, leaving the Israeli firm to concentrate on other products that suit its workforce better. Candidates for such a mutually beneficial wedlock should not be lacking.

Companies like Izrom (electrical fixtures), Meron Carmiel (kitchen implements), Ha'Argaz (bus bodies), all of which have reached the limit of their development in the products mentioned, might well acquire a new lease of life by linking up with Egyptian concerns for a new departure.

THE TAU Economic Cooperation Project, commissioned Dr. Simha Bahiri, its project manager, to examine the possibilities in detail. Three bulky quarterly reports have already appeared on the subject. Here are some of the ideas suggested:

**PAINTS:** Egypt has a small, unsophisticated industry, and imports 7,000 tons of paint a year. An Israeli company is ready to contribute a half-share in a \$2m. investment for the construction of a plant in Egypt which will produce 3,000 tons of marine and other industrial paints, to the value of \$6m. a year.

**SYNTHETIC RUBBER:** Minimum demand justifying a plant is 40,000 tons. Neither country can use up that quantity alone, but together they can.

**DESALINATION:** The Middle East is acutely short of water. A factory in Egypt could export desalination units, large and small, to the whole region. Israel has developed a successful process and is a leading exporter in this field. Proposed is a \$44m. investment, yielding a turnover of \$150m. a year (including earnings from servicing and parts) and employing 2,000 workers, all Egyptian except for the Israeli specialists needed.

**COTTON MEAL:** Egypt is a cotton-growing country. An Israeli company has developed and patented a process for making enriched protein cotton-seed meal

— important for livestock these days, owing to the world shortage of grain.

**SPICES:** An Israeli firm has developed a pilot scheme for growing and processing spices. It has proved economic for Israel but would be even more beneficial to Egypt, which does not suffer from Israel's shortages of water and labour.

Using 1,000 hectares of soil and 7m. cubic metres of water a year, plus Israel's irrigation systems and other technology (including a solar energy heated drying oven), the sponsors could grow in Egypt tarragon, lemon balm, oregano, sage and parsley to the value of \$20m., with profit of \$5m. a year on an investment of \$20m.

**FOOD INDUSTRY:** A consulting engineering firm, the biggest in Israel with a qualified staff of 350, has set up food-industry projects in Rumania, Brazil, Venezuela, Panama, Costa Rica, Chad and the Central African Republic.

It has put together 36 available technologies for the food industry, "many of them specially relevant for Egypt," according to the TAU report.

**DR. BAHIRI** (previously a professor of management engineering at the Rensselaer Polytechnic Institute in the U.S.) points out one area where the two countries have natural resources that link up: chemical fertilizers. "We have potash and phosphates," he says, "they have phosphates and nitrogen, the latter derived from their natural gas. These materials go together."

Joint ventures are facilitated by the physical propinquity of the two countries. Specialists can be sent for short missions. Production inputs can be shipped across at low cost. climatic conditions are similar. A good many Israelis speak Arabic.

Professor Ze'ev Hirsch, academic adviser to the project and one of its original sponsors, has discussed all this with the Egyptian authorities.

He met with Dr. Abdul Megid, deputy prime minister at the time, in Paris last December, and was in Egypt last month, speaking to bankers and circles close to the government.

"There are no visible obstacles. Any Israeli firm can, in theory, do business in Egypt," he says. "Hold-ups are attributed by the Egyptians themselves — to bureaucracy. Whether there are other intentions behind the hold-ups is hard to say as yet."

The Delta Company, exporter of underwear, has signed a contract with an Egyptian textile firm. The Egyptians will undertake the sewing process, as the first instalment in a division of labour that may well be extended. It is worth noting that the Germans and the Swedes fly textiles over for sewing in Yugoslavia. However, everything is on paper so far, no facilities have yet been created.

On the other hand, Solel Boneh won a contract to build a 20-storey block of offices and flats in the heart of Egypt's capital and has started work on the site. It supplies the management and technical personnel, all other employees are locally recruited.

This challenge is taken seriously, it is the first job opportunity awarded to Israelis inside Egypt. Solel Boneh wants to do well, and thus open the way for other contracts — and perhaps for other Israeli projects.

The accent in Egypt is likely to be primarily on the economic value of such cooperation. It possesses unused resources, human and material, which need to be activated, whereas Israel is fully stretched. Israel has to choose between alternative investment, Egypt needs all the investments it can get.

On the other hand Israel wants to strengthen its relations with Egypt, so it is ready to do its share. The question is: Will Cairo give local men of affairs freedom to do business with Israelis, as they do business with nationals of other countries — now that all Sinai is back in Egyptian hands?

## COUNTRY SEEKS INCREASED TRADE WITH AUSTRALIA

Jerusalem THE JERUSALEM POST in English 25 May 82 p 8

[Article by Jeffrey Heller]

## [Text]

**TEL AVIV.** — Israeli businessmen should not consider Australia the end of the world but the beginning of bright opportunities for mutual trade.

This was the message stressed by speakers at last week's "Australia — Trade Opportunity" seminar at the Sheraton hotel here. Sponsored by the Israel-Australia Chamber of Commerce and the Australian embassy, it gave about 100 local businessmen the chance to get to know better what awaits them Down Under.

Trade between Israel and Australia jumped from \$5 million to \$100 million both ways in the past decade, said Australian ambassador, David Goss.

But, added Industry and Trade Minister Gideon Patt, the import of coal from Australia for the new Hadera power station, has probably tipped the balance of trade in that country's favour.

This, he said, will be a change from 1981, during which Israeli exports to Australia totalled \$60m., while imports stood at \$40m. Coal imports that year accounted for \$9.8m.

Australian exports to Israel this year will range between \$70m. to \$80m., Patt said, without giving an

estimate of Israeli export figures.

Israel, enjoying a "Less-Developed Nation" status and a 10-30 per cent import tariff break, last year exported electronic equipment, diamonds, machinery, chemicals, agricultural produce, textiles, rubber, plastic, and wood products to Australia. Australian products exported to Israel included, besides coal, wool, meat, and rice.

In its search for alternative markets to Europe — where 60 per cent of Israel's industrial exports go, and take a beating from fluctuating exchange rates and the current recession — Israel should look toward Australia and South America, Patt said.

A high-level delegation of Israeli businessmen is scheduled to travel to Australia later this year, reciprocating for the visit last November of a 16-member Australian trade mission.

Israeli should regard Australia not only as a potential marketplace for their goods, but also as a springboard to the Far East, said John Gutteridge, the Australian embassy's commercial attaché.

As for avenues of economic cooperation, he said Israel and Australian entrepreneurs could try to form joint ventures in medical and scientific equipment, com-

munications, computers, and solar energy projects.

The shipping of cargo should be no obstacle, despite the thousands of kilometres that separate Israel and Australia, the speakers noted. Zim operates seven container ships on the Eilat-Sidney-Melbourne, Adelaide, and Brisbane route. A ship departs Eilat once every fortnight for Australia.

Five airlines operating in Israel will accept air freight for Australia. But, for the business traveller, the absence of a direct air route to Australia means a 37-hour flight.

Relatively low worker productivity Down Under, coupled with high wages, make Australia "a classic example of a country where we can compete," said Zvi Koren of the Industry and Trade ministry.

Speaking from first-hand knowledge — he was a ministry representative in Australia — Koren said that despite his "admiration for the country, it still has not reached the technological level of the U.S. and Japan, and that's why it is a market for us."

Right now, Israel accounts for one-third of one per cent of the total \$20 billion Australia imported from all over the world last year. "There is no reason we shouldn't take one per cent," Koren said.

MANUFACTURERS' ASSOCIATION PRESIDENT DISCUSSES ECONOMIC ISSUES

Jerusalem THE ISRAEL ECONOMIST in English Mar 82 p 13

[Interview with Eli Hurvitz, president of Manufacturers Association of Israel, by Benjamin Rubin, managing editor; date and place not specified]

[Text] Eli Hurvitz was born in Jerusalem in 1932. He served in Nachal and studied industrial economy at Tel Aviv University. In 1953 he joined Assia Chemical Laboratories; today, he is director general of Teva Pharmaceutical Industries and one of the Board of Directors of Bank Leumi. In October 1981 he was elected president of the Manufacturers Association of Israel.

On one hand, Israeli exports to the US are topping \$1 billion, and there is a 9% real growth in all exports; on the other hand, government budget cuts are reducing investment and development funds, and there are record high real interest rates. Some voices, like Elmer Winter's, of CEG-I, talk about an economic miracle, and others, some in high places in the Bank of Israel, talk about impending economic disaster. How is Israel's economy really doing?

There are objective factors which indicate the strength of Israel's industrial base. In 1981 we have seen a growth in industrial production, in industrial exports and in the number of employees in the industrial sector. And last year we had a pleasant surprise. Since 1973, there has been no real growth in industrial productivity, but during 1981 we witnessed a modest rise in that area. There is an additional factor which many people feel is very positive, but this optimism must be qualified; last year there was a

3% increase in investment relative to the previous year. (However, in 1980, there was a 5% real decline in investment.) What this all means is that despite the continuous inflation, a relatively low level of investment, the rate of the shekel's devaluation (and the government's inadequate export currency support system), Israel's industry is large and strong enough to grow. Barring a disaster or world depression, this development can continue.

However, I am not satisfied with the level of investment. Three percent is not sufficient, and we must do much better than that to fuel positive economic development. We have a basis for growth much greater than 3%.

Since 1977, but in a process beginning well before, there has been a move away from "state socialism" and government control of the economy. There is acceptance, even respect and pride, for the productive capabilities of private enter-

prise. What should the role of government ideally be?

Basically, the government should not interfere with the market forces. Nevertheless, we need a government, not only for national defense. Yet, while it is true that there has been a reduction in the dominance of government, one should take a closer look.

After the Likud was elected in 1977, foreign currency exchange controls were "freed". But in fact, by controlling the domestic money supply and hence the devaluation, the Bank of Israel and the government continue to have tremendous influence on Israel's exports and imports.

Moreover, in a country where the size of the national budget approaches that of the GNP, it is clear that the government will have an enormous influence on the economy. I am not referring to the government as a bureaucratic force but rather as the country's largest single customer. This means that when the defense

budget is reduced and fewer local supplies are purchased, domestic factories have to either export or close down. In fact, government influence can be very positive. For example, the construction of the Lavie, a government investment, is excellent for Israel's industry.

One important area where the government's presence is too dominating is in the capital market. This is because the government is the largest customer for money, and, in competing for capital with industry, government has an unfair advantage in setting overly favorable terms to attract capital.

**What about the bureaucracy factor?**

I'm somewhat of an iconoclast. I think that much of the criticism of the bureaucracy is exaggerated. Take foreign investment. I have had the opportunity to invest in other countries, and, from my experience, the procedures and bureaucratic processes abroad are no better than they are in Israel. I do not expect the government to give out money or benefits without appropriate verification and formality.

As for direct dependence on the government, as a manager of an Israeli company, I never found it necessary to be in any government office. While young struggling firms and foreign investors seek government help, they are the ones who should be getting it. The Israeli industrialist hanging around govern-

ment offices is a myth which has been dead for at least 10 years.

**Small family businesses are going public. Medium-sized ones are merging to create large corporations. Is this a sign of maturity in Israel's economy?**

These are natural, inevitable developments. All over the world family businesses, after a generation or two, are either bought by larger concerns, or go on the stock market. I don't think there are enough companies listed on the Tel Aviv Stock Exchange, and maybe part of the reason is that many smaller firms don't want to undergo the formalities, reveal their private details, publish their earnings statements, etc. Furthermore, in Israel, the stock exchange started relatively late, and as a source of capital it needed time to develop sources of funds, to develop investors.

As for mergers, I think it is fairly clear that this is where we're heading. After all, why should a country with a population the size of Brooklyn need three tire manufacturers? Mergers are not a danger; they are a necessity. In order to export you need to be large. Of course there is the danger of monopoly, but there are antidotes — whether in the form of competition from imports or even government price setting. But in a small country, it's right to be big.

In this process there is a degree of government encour-

agement in taxation, but it is passive; you don't have to pay extra taxes. There should be positive encouragements to merge.

**Real interest rates in Israel are the highest in the world. What's happening?**

The real rate of interest in 1981 was not only high, it was shocking. The banks are not to blame — the interest rate was determined by the people who wanted money at any cost — and let's not disregard the central importance of the Bank of Israel. The government is not alone. I don't think there is any other place in the world where an industrialist, as a matter of course, figures the price of money at such a high rate in his cost structure — more than the cost of labor.

**What are the noneconomic goals of economic development?**

If we don't want to be experts on how to divide nothing, let's concentrate on having something to divide. We have far to go in terms of social conditions, if you compare, for example, the housing situation here with that of the US. We have emphasized security and have developed a good army. We have emphasized developing the country's agricultural sector, with good results. If we want to improve the quality of life, we must have the engine of economic growth in order to direct resources to areas such as education. ■

CSO: 4400/297

## ECONOMIC TROUBLES HIT RAFAH

Jerusalem THE JERUSALEM POST in English 17 May 82 p 3

[Article by Motti Ben-Yanai]

[Text]

RAFAH. — Only two weeks after the Israeli withdrawal from Sinai, this divided town is suffering from commercial paralysis and unemployment. The loss of business from Israelis generally, and from the settlers of the Yamit area in particular, have all but brought commerce to a standstill.

Part of the town has also lost its Beduin customers from northern Sinai, and tradesmen have been forced to reduce their prices to those of two years ago.

Among those hard hit by the situation are the garages, which will now overhaul a private car engine for as little as IS700. Garage owner Mohammed Abu-Regayeg, who had many customers from Yamit and the surrounding villages, told *The Jerusalem Post*: "The situation is difficult. We don't have the customers that we did. I am charging laughable prices, just to keep my employees in work."

Fruit is being sold at a quarter of the price paid in Israel. Tomatoes are IS4 per kilo and melons IS7. Two shops selling modern clothes

such as jeans have cut their prices almost in half. Jeans that sell in Israel for IS600 are being sold at IS350. The shopkeepers who used to sell to Israeli customers complain that their sales have almost stopped. One shop has already closed and the other plans to close down soon.

Apart from the slow trade, many youngsters are out of work, roaming the streets. They used to be employed in the Yamit area. These are the same youths who used to demonstrate and throw stones at military vehicles, and some observers fear that only a spark is needed to set off renewed rioting.

One local factory owner, who refused to be identified, said that the problem is not the fence dividing the town, but the unemployment. It is a paradox for an Arab nationalist. "I am against Jewish settlements," he told *The Post*. "I want a Palestinian state; but at this moment I would like to see the establishment here of those settlements they talk about so much. They will bring us employment and, if they are built, we will survive somehow."

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ELECTRONIC WARFARE COUNTERMEASURES DEVELOPED

Jerusalem THE JERUSALEM POST in English 26 May 82 p 2

[Article by Joshua Brilliant]

[Text]

Israel's problems with economic warfare have been compounded since Arab armies recently acquired Western equipment to replace inferior Soviet bloc material, Tat-Aluf Zvi Amid, the chief Signal and Electronics Corps officer, said here yesterday.

The Israel Defence Forces also have to deal with the Soviets, who deploy highly sophisticated spy ships in the eastern Mediterranean, he said.

Electronic warfare — though largely invisible — depends on the ability to transmit and receive information and commands, he said. The IDF's concept of a battle in which forces are quickly moved about "is possible only if a reliable communication network exists," he said.

Speaking to military reporters on

the occasion of Corps Day, Amid said that the Egyptians and Syrians have acquired British and French equipment and can transmit on frequencies not available to them as long as they used eastern bloc equipment. They are also obtaining new technology to conceal the transmission of information, Amid added.

Israel's counter-measures are highly secret, Amid said. But he revealed that the army is replacing its equipment with what is called "digital technology." This makes it possible to take sophisticated counter-measures not possible hitherto. This technology enables one to transmit messages at very high speeds, to carry out long-distance conversations which are a total blur to anyone lacking the decoding machine.

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ALIGNMENT MKS ARGUE OVER ARAB HOUSING

Jerusalem THE JERUSALEM POST in English 1 Jun 82 p 2

[Article by Asher Wallfish]

**[Text]** Two Alignment MKs had a set-to in the Interior Committee yesterday, over housing for Israeli Arabs, with the Northern District Representative, Yisrael Koenig. The official was defended by the Alignment chairman of the committee.

Muhammad Watad (Mapam) said afterwards that the Committee chairman Shoshana Arbeli (Labour) apparently had the gift of inviting "the greatest Arabophobes" to her committee.

The committee held a hearing at Watad's request to discuss the numerous legal proceedings against Arab villagers in the Triangle area east of the Hadera-Kfar Saba line for unlicensed building in villages which lacked a master plan.

Watad said thousands of Arab families were unable to get licences to build because of bureaucratic procrastination. Many who went ahead and built anyway, had been fined or forced to demolish their illegal homes.

Koenig, whose district does not include the area under discussion, said he was attending at the request of Interior Minister Yosef Burg.

Labour's Rafi Suissa, chairman of the Mazkeret Batya local council, said in the discussion that the building and planning laws were onerous enough for Jewish localities, but his personal contacts

with Umm el-Fahm villagers had convinced him that even the Israeli patriots among them would turn into Israel-haters, as a result of the Interior Ministry's bureaucracy.

At this, Koenig reproached Suissa: "Why do you speak on an issue which you don't understand? Did you bother to check the facts?"

Watad, coming to Suissa's defence, told Koenig: "You have exceeded your terms of reference. You were invited to report on the facts, not to question any political appraisals here. You are a civil servant."

Arbeli, coming to Koenig's support, said: "In my committee, members and civil servants say what they think. Koenig did not overstep the bounds."

After the meeting, Watad told correspondents he was disturbed at the way Arbeli defended Koenig instead of the MKs, and charged she was biased against the Arabs.

"Arbeli makes sure the Interior Committee only hears the establishment version of controversies," Watad complained. "In our recent discussion on the Golan Druse strike, she turned down my plea to invite former Supreme Court justice Haim Cohn (who prepared a report on the issue) with the comment: 'Why do I have to invite pensioners?'"

## SOLEL BONEH REPORTS GROWTH

Jerusalem THE JERUSALEM POST in English 1 Jun 82 p 8

[Article by Joseph Morgenstern]

[Text] TEL AVIV. — Solel Boneh, Israel's largest building company, reported yesterday that its worldwide activities in 1981 totalled IS2 billion and reflected a 12 per cent real growth over the preceding year. The company is part of Hevrat Ha'ovdim, which is in turn controlled by the Histadrut. Its building activities range from the American continent to Africa.

There was a rapid growth in profits last year, as Solel Boneh recorded a net gain of IS508 million, a nominal growth of 119 per cent. The profit after adjustment for inflation was IS324m., a yield of 8 per cent on the company's own capital.

According to Shraga Rotman, Solel Boneh's managing director, the firm's overall activity when measured in monetary terms is equally divided between Israel and overseas locations. However, measured in terms of materials used, the ratio is one third for overseas and two thirds in Israel. Despite the recession in the local building industry, Solel Boneh achieved a 4 per cent real growth here. Overseas there was a real 25 per cent growth.

Solel Boneh last year acquired control of the Zecharia Drucker building concern, Israel's largest private building company. Rotman was confident that his company, with its financial strength, would be able to overcome the problems which caused Drucker to fail.

In 1981 the company was more

active in building for its own account and achieved a 20 per cent growth in this field. Overall, Solel Boneh's activity in this area represented approximately one third of the total building in the country. At year's end the company had in various stages of construction 5,600 dwelling units. In the course of the year it sold 2,500 units, compared with 1,000 the year before.

The company's various subsidiaries also had a good year. A contracting firm which employs some 11,500, accounted for IS4.1b. in construction work. This year that figure is expected to be more than double. Other divisions, such as Herouth and Lime Stone Productions, which together employ nearly 4,000, accounted for IS1.8b. of activity.

Solel Boneh International employs 900 Israelis in addition to about 30,000 foreign workers. In 1981 the subsidiary accounted for construction worth \$478m. Rotman estimates that this year the figure should go up to \$650m.

Solel Boneh's balance sheet total came to IS30.65b. and on a year-to-year basis advanced 153 per cent. Fixed assets represented 18 per cent of the total, compared with 14 per cent last year. This was an expression of large capital investments completed in the year under review.

Rafi Tzeziel, the group's general manager for finance, pointed out that the rate of current asset to cur-

rent liabilities, sometimes called the "current ratio," was 110 per cent.

In keeping with the budget for this year, it is hoped to achieve a real growth of 20 per cent, for a total of IS30b. This takes into account an anticipated growth of 35 per cent in foreign projects and a 4 per cent rise in activity within the country.

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NEW GABRIEL MISSILE SYSTEM UNDER DEVELOPMENT

Jerusalem INNOVATION in English No 78, May 82 p 7

[Text]

Lod - Advanced shipboard missile systems are being developed and built by Israel Aircraft Industries (IAI), also for export to friendly countries. Ever since the perfection of its Gabriel sea-to-sea missile, in the early 1970s, the company has been among world leaders in this field.

Some of those advanced weapons already have been displayed at international fairs, such as the Paris Air Show last summer. This includes the Gabriel III, third generation in that weapon's development.

The new Gabriel has an active radar guidance system, which incorporates electronic counter-countermeasure capabilities. It cruises at very low altitudes and penetrates its target at the water line, for maximum damage. Such targets can be almost any type of naval vessel, from armored ships down to fast patrol boats. The system's effective range is 36km (about 20 miles).

Multiple operational modes provide a great deal of flexibility. The missile can be "fired and forgotten", but its target information can also be updated by data link while it is in flight. A third possibility is to maintain control of the missile all the way, using the ship's own fire control radar to guide it to its target.

Precisely the opposite effect can be achieved through use of IAI's Barak semiactive point defense missile systems. These can protect ships against sea skimming missiles launched by the enemy, and also against attacking aircraft. Each is composed of a missile launcher, its own autonomous radar set, a processing unit and a fire control console usually placed in the ship's combat information center. The radar is of the dual band type, has a single antenna and scans rapidly.

Missiles activated by this system are supersonic and highly maneuverable; they are propelled by solid

fuel rocket engines. Their unspecified effective range makes them useful for defense against immediate dangers, but the system can also engage more distant targets. The missile's warhead is detonated by contact and proximity fuses.

The Barak system is light and very compact. It can operate on open decks, during the day and at night, as well as under all weather conditions. Its installation is a relatively simple matter and there is no need for deck penetration.

CSO: 4400/323

## BRIEFS

MED-DEAD CANAL PROJECT--Construction work on the Mediterranean-Dead Sea Canal will begin in about six months, Uri Wurzburger, director-general of the Mediterranean-Dead Sea Company, on Friday told delegates attending the eighth European Bonds Conference. Feasibility studies are expected to be completed by then, he said. The delegates, from seven West European countries, are to meet Prime Minister Menachem Begin in Jerusalem today. [Jerusalem THE JERUSALEM POST in English 23 May 82 p 3]

ARAB TEACHER UNEMPLOYMENT--Kfar Sava--Only 30 students have been accepted for next year by Beit Berl's college for Arab teachers, compared to a high of 180 in 1975-76. These figures were reported yesterday by the director of the college, Abdul Karim, at a scholarship award ceremony. "This drastic decrease is a result of a cutback in teaching positions in the country's Arab schools," Karim said. He said it seriously affects the ability of Israeli Arab high school graduates to find work, because teaching has been one of the most popular and available sources of employment. Binyamin Gur-Arye, the prime minister's adviser on Arab affairs, presented the scholarships from the Wakf (Moslem trust) fund. He said a main problem of Arab education is that only 14 per cent of students get vocational training, compared to 56 per cent of Jewish students. The Education Ministry intends to narrow the gap by providing more vocational training facilities for Arab pupils, Gur-Arye said. Such training still might not help Israeli Arab technical graduates find jobs because most of the technological jobs--particularly in electronics--are in defence-related industries. [Jerusalem THE JERUSALEM POST in English 1 Jun 82 p 3]

LASER DIODE DEVELOPMENT--Haifa--Its first product is now being marketed by Laseron, a new firm in this city's Advanced Technology Industries Park. Laseron was established through the cooperation of Fibronics, Israel's pioneer in the field of fiberoptic communications, and Rafael, the government's Armament Development Authority (see INNOVATION 74, January 1982). The company recently introduced its PLD-10 gallium-aluminum-arsenide laser, designed for pulsed operation. It is of mirror-coated, multilayer heterojunction design, and operates on a low threshold current. The typical output power of the PLD-10 is 10 watts. It can be supplied to operate at typical wavelengths of 870 to 904 nanometers. Each unit is built to demanding precision standards, factory tested for 24 continuous hours before shipment, and packed in a convenient optically centered, hermetically sealed case. Priced at about \$150, the PDL-10 is available on an off the shelf basis. This rugged pulsed laser

diode can be used on a great variety of military systems, such as laser range-finders, target designators and proximity devices. Laseron engineers are prepared, in principle, to meet specific customer requirements. [Jerusalem INNOVATION in English No 78, May 82 p 2]

INTRUSION DETECTION SYSTEM--Rehovot--An extremely efficient system to detect intrusion into sensitive areas has been developed by Elop-Electrooptics Industries Ltd. Elop is an affiliate of Tadiran, this country's largest electronics complex and a subsidiary of I.T.&E., of the United States. The company's "Electrogard" consists of one or more buried cables, which are linked to a central control panel. No above ground installation whatsoever is required; the intruder need never know that his presence has been detected. Whenever a magnetic object crosses the buried cable, a signal is triggered at the central control station. The system is quite sensitive: even small items, such as belt buckles, a pocketknife and even the nails in military boots, not to mention weapons and vehicles, will set off the alarm. To prevent the system's neutralization, it will also be set off by any attempt to locate it with electromagnetic detectors, or to do anything to interfere with its functions.

[Jerusalem INNOVATION in English No 78, May 82 p 8]

ATTACK ON WEST BANK UNIONS--The military and the civil administration are taking action against the labour unions in the West Bank as part of their plan to liquidate the leadership and institutions set-up since 1967. The Carpenters' Union in Hebron has been shut down. The civil administrator of Hebron notified union head Yunis Tayas about the closure. Activists of labour unions in Bethlehem and Nablus and other towns have been called to the military government and interrogated. [Jerusalem AL FAJR in English 30 Apr-6 May 82 p 5]

RAMALLAH REZONING REPORTED--The Ramallah regional zoning committee published a new map (measurment or scale 1,0-50,000) which places tens of thousands of dunums of private owned land, within the jurisdiction of the Israeli High Zoning committee to determine its future use. A copy of the map, which extends to Ain Yabroud in the north, to Beit Fajjar in the south to Azzariya in the east has been placed on display at the regional committee headquarters in Ramallah, for public objections. Accompanying the map is a draft law carrying the title 'partial zoning region,' number 1-82, amending the RG-S grand zoning scheme. It carries the title Israeli defence force "civil administration of Judea and Samaria region." The law accompanying the scheme states that the Higher Zoning Council has the authority to determine the zoning schedule as well. The plan also forbids construction along a 150-meter wide strip along both sides of the main intercity roads. Construction must stop at a 100-meter border along regional roads, and 75 meters for the main local roads. Presumably houses already built in these areas will be considered illegal and subject to demolition. Within the zoning areas, the no-construction order is reduced to 5, 10 and 15 meters along both sides of the roads. The plan (on a scale of 1-50,000) does not indicate clearly the borders of the zoning areas. [Jerusalem AL-FAJR in English 7-13 May 82 p 4]

CSO: 4400/324

## AL-MANAKH MARKET SAID TO BE STABLE

Kuwait ARAB OIL in English No 5, May 82 pp 50-51

[Text]

**I**nternational bankers were behind stories of instability and imminent collapse of Kuwait's second stock exchange, Al Manakh, a leading investor said recently.

Speaking to the daily Arab Times on a variety of issues concerning the so-called "Gulf Companies", Sabah Al Rayes, Chairman of Gulf Investment Company, said it was now known that Kuwaiti deposits were returning to the Gulf area and this trend was worrying certain circles in the West.

A recent report in a western newspaper claimed that "30 billion dollars were at stake" in the Manakh, described as an 'illegal phantom stock exchange, more or less resembling a gambling house.'

The aim of those stories Al Rayes said, was to sow seeds of doubt in Kuwaiti economy and lure Kuwaiti money abroad.

"Basically, the market is sound," Al Rayes asserted. "Those who continue to throw stones at it, cannot in turn expect to create friends here and the market will become purely a local one, devoid of foreign money."

The GIC boss explained that most of the Gulf ventures could be considered 'highly productive' while only a few were set up on purely speculative basis. He expected prices of shares to go down eventually and said action by two or three individuals had given rise to hearsay stories.

"Al Manakh is a young market and it is going to mature with time," he said. "Some people are going to get hurt in the process but this is only healthy. Playing stocks and shares is no easy game."

### Parallel

The emergence of Al Manakh market, as a parallel to the official stock exchange, dates back to 1977 when the government imposed a moratorium on issuing licenses for new shareholding companies. Wealthy Kuwaiti investors took their funds to Bahrain or the U.A.E. and set up their ventures there. The market came into being when those investors came back and set up their offices to deal in shares.

While the Gulf companies are legal in the country they were registered in, they are, admittedly, outside Kuwait's commercial laws.

Most deals happen 'over the counter' or 'over the telephone' but to all good purposes the companies operate normally. The Ministry of Commerce and Industry exercises control over the market in that it compiles prices of shares which are published daily in local Arabic newspapers. The list of the Gulf companies reveals that most of the ventures are concerned with real estate, investment, bonds and issues. Five are cement companies. Do they offer a chance for long term productive investment then?

### Productive

"There are some companies which tend to get carried away and they only invest in buying stocks and shares," says Al Rayes. "But on the other hand, real estate and development projects are extremely productive."

Gulf Investment Company is a case in point. It was established in Bahrain in 1979 and today it has 291 million dollars in paid up capital. The company is extremely active in local, regional and international markets. In its first year of operations, when its capital was just 125 million, it made 45 million in

profits.

Explains Al Rayes: "An investment company usually divides its activities into several portfolios and allocates funds accordingly. The Gulf Investment Company owns 48 percent of the Bahrain Light Industry Company, it allocates funds for agriculture, dealings in precious metals and purchases of real estate in Bahrain, Kuwait and New York."

"Shareholders in GIC are professional people, the societies of engineers in both Kuwait and Bahrain, medical doctors, dentists, college professors and a selected group of prominent Gulf businessmen."

"It is thanks to the activities of investment companies that productive schemes like cement works for instance get off the ground," adds Al Rayes.

But in the absence of annual reports, what guidelines and guarantees do investors have that a Gulf company is really successful?

"Since the companies cannot declare their Kuwaiti holdings, an annual report would be useless," says Al Rayes. "They prefer not to write such reports at all. But to the interested parties, to those willing to do a bit of research, information on the assets of each companies is readily available."

The Ministry of Commerce now demands that reports be submitted to the general assemblies. Other guidelines are the price movements of shares, published daily.

Sabah Al Rayes asserted that the western newspaper report about jitters and lack of confidence in the local economy was "grossly exaggerated."

Besides Al Rayes, Several other Kuwaiti investors and bankers reacted sharply to the western media campaign against the Kuwaiti economy.

Investment climate has never been so good in Kuwait and there is no need for the government to be worried, they agreed. They said that the western banker's "attempts to scare away national capital were generally based on misinformation coupled with malice."

H.H. the Crown Prince and Prime Minister, Sheikh Saad Al Abdullah, toured both the official stock exchange and its first cousin, the Souk Al Manakh, early last month, and afterwards he expressed his confidence that the local businessmen can handle their affairs efficiently without government interference.

Several bankers have meanwhile commented that Al Manakh, the more lively and colorful of the two markets, has edged into seventh position in the tables of leading stock exchanges of the world, in terms of the volumes of operations and capital handled. The official stock exchange ranks ninth.

They agreed that the Kuwaiti stock market was still young and many procedures needed to be organised and regularised, specially in the case of Al Manakh, now listing 38 offshore companies registered either in Bahrain or the UAE. The local ire came as a result of several reports in the western media, which aimed to pinpoint fragility of the local market.

"The prime objective of these reports is to spread a state of anxiety among the banks here and to scare away national capital," commented Sheikh Dueiji Jaber Al Ali, the marketing manager of Kuwait Petroleum Corporation.

"But those convinced and willing to transfer their money abroad once again will be the eventual losers, anyway," he added in an interview with Al Siyassah.

"Money invested in economies ridden with inflation and restrictions does not bring returns," he said.

Yusuf Al Muzeini, Deputy manager of a large money exchange company, recalled the disappointments local businessmen had in the mid-seventies, when they were persuaded to channel their funds into gold and silver and gold hoardings.

"International monetary Mafia acted in the seventies to lure Kuwaiti capital into non-profitable speculation in precious metals. Some businessmen are still recoiling from their losses," he recalled.

On the other hand, he stressed: "Security, confidence, high profit returns are all factors today missing in western economy."

There are many factors which combine to make the Kuwaiti stock exchange a fascinating place and a source of interest to financial experts the world over.

These include its high level activity, great fluctuation in the prices of shares and the nature and number of so-called deferred payment deals.

Several investors in Kuwait admit their worries about aspects of those operations while they maintain that the government is "on top of the situation" and that the market is likely to stabilise as it matures.

Several Gulf companies have recently

been suspended because they were dealing in shares while still under establishment, so "hot" was the demand. Brokers in Al Manakh have meanwhile been asked to cooperate with a Ministry of Commerce and Industry committee, headed by Abdallah Sadrawi, which is trying to organise the market.

It is the deferred payment system, however, which fuels the stories about quick riches in Al Manakh. In theory, even a small Kuwaiti investor can walk in and buy shares with a post dated cheque. Chances are he will sell those shares for cash, at a profit, and by the time his payment is due he has already covered his costs and made a profit — he is set up in Al Manakh, where some offices make as much as 35,000 dollars per day.

These offices are located on two floors of a modern building in Mubarakiya — on the site of a former camel market. Manakh in Kuwaiti Arabic means a seated camel, hence the name Al Manakh Souk.

To obtain one of those shops, people pay exorbitant prices just as 'Key money' for the handover of a lease.

It is often reported that a small shop of say 40 square meters changes hands at a price of several million dollars. Aiman Boodai of KIC company, in an interview conducted before the furore, said there was no reason for the government to be worried about this trend.

"It means that investment climate is good. It may be bad publicity but it is good for the economy."

He also stressed that in view of the high turnovers, investors will be able to recoup their key money in a relatively short period in a matter of months.

Gulf companies tend to have larger capitals than the older Kuwaiti companies, but the shares are often cheap. The par value of shares is being split several times to attract even uninitiated investors.

Aiman Boodai regrets the lack of information and thinks that there must be many investors who simply buy shares because so-and-so has bought them. "If more information like quarterly reports were available, investors would buy shares on the basis of real knowledge rather than hearsay," says he.

A conference held in Kuwait last year under the auspices of the Crown Prince and Prime Minister recommended that companies give more guidelines about their profitability.

The Ministry of Commerce has now asked the Gulf companies to prepare annual reports for their general assemblies. Explains Sabah Al Rayes: "Lots of people are acting as if they knew what they are doing, they are looking for a good source of income. But playing stocks and shares is no easy game. There will always be winners and losers, like in the game of musical chairs. This is only healthy."

CSO: 4400/318

## DOMESTIC LIQUIDITY HITS 14 BILLION

Kuwait ARAB OIL in English No 5, May 82 pp 54-55

[Text]

**T**HE Central Bank of Kuwait, in its recent statistical bulletin for October-December 1981, stated that domestic liquidity had continued to grow rapidly in the last quarter of the year, reaching around 14 billion dollars. This shows an expansion rate of 10.2 per cent, against 4.1 per cent during the previous quarter.

Money, the first component of domestic liquidity, played a major role in this expansion, as it had increased by 31 per cent from the end of the third quarter to the end of the fourth quarter. The substantial growth of money in 1981 resulted primarily from the increase in site deposits, which had more than doubled, the report said.

The second component of domestic liquidity, quasi-money, showed an increase of only 2.7 per cent against 6.4 per cent in the previous quarter. This relatively low rate of growth was attributed mainly to deposits in foreign currencies, which increased by only one per cent.

The report stated that Bank credit, consisting mainly of advances and discounts to the private sector, continued to grow at an accelerated rate, reaching 9.9 per cent against 6.1 per cent at the end of the third quarter, a rise of approximately one thousand million dollars.

Oil revenues dropped substantially during the third quarter of 1981. The Central Bank's report attributed the fall to a number of factors. These included the reduction of

crude oil production, in accordance with the government's resolution to reduce the production ceiling to 1.25 million BPD; the relative stability in oil prices, and the downward trend in these prices, particularly as of the second half of the 1980-81 fiscal year; the establishment of Kuwait Petroleum Corporation and its undertaking of LPG and refined products' operations, which resulted in the transfer of part of the oil revenues to the Corporation, thus limiting the revenues to the sales of crude oil, natural gas, taxes and royalties received from oil companies.

#### Compensated

The decrease in oil revenues had been partly compensated for by a substantial rise in income from investments, the report said.

The second quarter of 1981 had shown a considerable slowdown in the world demand for oil. This resulted from the economic recession and the energy saving policies adopted by a number of countries. This situation resulted in a surplus estimated between two to three million BPD in the world oil supply.

As a result of this the total volume of Kuwait's oil exports dropped to 0.95 BPD, a decline of 38.7 per cent compared to the corresponding period in the previous year.

The price for Kuwait crude oil in the second quarter of 1981 was 35.5 dollars per barrel, this was an increase of 23 per cent over the average price during the same period in the previous year.

Following the decrease in crude oil production, natural gas production in the second quarter of 1981 also fell by 30.4 per cent to 51.6 billion cubic feet.

#### Public expenditure

Public expenditure, comprising salaries,

domestic transfers, general expenses and other unclassified payments, continued to expand in 1981 recording an increase of 19.9 per cent.

The Central Bank's report details public expenditure by Kuwait's Ministeries and Departments. The Ministry of Defence, Security and Justice spent a total of 843.1 million dollars in the year ending 1980-81, compared to 271 million dollars in 1974-75. The department of Electricity and Water spent 816.4 million dollars in 1980-81 compared to 56.1 million in 1974-75, and the Ministry of Finance's expenditure rose dramatically from only 6.1 million dollars in 1974-75 to 97.5 million in 1980-81.

Development expenditure and foreign transfers also increased by 6.4 per cent and 23.1 per cent respectively.

Kuwait's balance of trade in 1980 showed a surplus, but provisional figures available for the first six months of 1981 showed that the balance of trade had dropped by around 23 per cent, as a result of the rise in the value of imports and the decline in the total value of exports. The decline in the value of oil exports was attributed to the 35.2 per cent and 21.7 per cent decreases in the volume of crude oil and refined products respectively, against a 26 per cent rise in the average oil prices in the same period.

#### **Stock market**

For the year 1981 the stock market witnessed marked activity in both dealings and prices. During the year the volume of traded shares totalled around 247 million, an increase of 72 per cent in volume and 47 per cent in prices, compared to the previous year. These are record figures, the report stated, as the highest average number of dealings totalled 176 million shares in 1976.

Dealings in 1981 were concentrated on the shares of companies of low prices, as the volume of dealings in services and industrial companies rose by 433 per cent and 173 per cent respectively over the previous year, whereas they declined by 35 per cent in bank's shares.

In 1980, the gross domestic product at current prices increased by 10.3 per cent over the previous year and amounted to 255.6 million dollars. The increase in oil prices was a major contributer to this increase, as they rose by an average of 61 per cent over 1979, at a time when the oil sector contributed to around 67.5 per cent of the GDP for 1980.

The figures for expenditure on the GDP at current prices, showed that the final consumption, private and government, increased from 1.9 billion dollars in 1970 to 8.5 billion in 1979, by an average of 18 per cent per annum. Whereas Capital Formation rose from 455.4 million dollars in 1970 to 2.4 million in 1979, an increase of 20.8 per cent per annum.

Figures available on the wholesale price index for 1981, showed that in the third quarter the index fell to 207.5 points, one per cent below the second quarter, after it had risen in the second quarter to 209.5 points, 2.6 per cent over the first quarter.

The wholesale price index is affected primarily by the foodstuffs index which dropped from 221.1 points in June to 213.4 points in August. The indexes of other items, showed relative stability during the third quarter of 1981. 'Medicine and Stationery' recorded 219.9 points, almost the same figure as in the second quarter. Whereas 'Household Appliances' rose by four per cent and 'Clothing and goods for personal care' rose by three per cent.

CSO: 4400/315

## LONDON HOSPITALS FINANCED

Kuwait ARAB OIL in English No 5, May 82 p 55

[Text] Two new Kuwaiti financed hospitals, are to be constructed in London. The hospitals, planned for the London Bridge and Chelsea areas, are being built primarily "as an expression of Kuwaiti goodwill for the long association with Britain," according to John-Gelling, Chief Executive of the existing Kuwaiti-owned Arrazi hospital in London.

The hospitals are also an investment, from which the management, Arrazi Hospital Services, hope to get a 'modest return.'

Gelling predicts a steady growth in the British private health sector over the next ten years. "We have passed through the era of 'rip-offs' of Middle Eastern patients in London, and things are settling down now," he said.

Gelling hopes that the new hospitals will also be patronized by people from overseas, although they are planned to cater for the British private health insurance market.

The Arrazi hospital, named after a famous Persian doctor of the middle ages, was built in 1978, and acquired by the Kuwait Investment Office, KIO, in 1979. The 54-bed hospital deals with short-stay surgical patients,

it has been described in medical circles as an 'acute surgical and medical hospital.'

Like most private hospitals, the Araazi does not cater for patients with chronic illnesses, geriatrics, or cancer patients.

Gelling says that usually, about one third of the patients at Arrazi are Arabs, another third British, and the rest from a number of other countries.

Gelling stressed that although the hospital owed a particular service to Arab patients, it was understood that the Kuwaitis like British patients to use the hospital as well, "as a contribution to British private medicine." Arrazi staff can speak Arabic and understand customs which may differ from British traditions, he said.

The new hospitals will be twice as big as the Arrazi, with 100 beds in each, they will also be more advanced.

The Arrazi now has a top class operating theatre, and an intensive care unit to handle all major surgery, except cardiac and neurological Gelling said. The Araazi has become well known as a center for 'renal care, and kidney transplants, he added.

CSO: 4000/315

AGRICULTURE IN THE GULF

Progress in Agriculture

Kuwait ARAB OIL in English No 5, May 82 pp 24-25

[Text] For many decades now, planners here have been worried about this country's almost total dependence on foreign food imports. What would happen if suddenly this important lifeline was cut off, if a major supplier decided to apply a 'food weapon'?

The answer, says the planners, lies in the development of a strong, feasible agricultural sector. The attempted goal of almost all the Gulf countries is food security.

In Kuwait, the agricultural sector today contributes to no more than 0.2 per cent of the total national economy but the targets have also been strictly defined. Self-sufficiency at least in several aspects of agricultural production is the coin word.

This survey is dedicated to modern agriculture in Kuwait. It omits vital sectors such as fisheries, in which Kuwait has traditionally been self-sufficient, as well as vital sectors of camel, goat and sheep raising, which deserve a separate survey in themselves.

Self-Sufficiency in Food, Ultimate Aim

**K**uwait has a long term plan to attain self-sufficiency in vegetable and animal production, beside promoting greenery and recreational facilities, several experts in the field here asserted.

Existing soil surveys and feasibility studies have shown that about 12 percent of the country's 17,818 km square km constitutes arable land. So far, however, only 1 percent is under cultivation, due to several limiting factors.

"We consider that the main obstacles fac-

ing the country are the quality and quantity of water and selection of proper irrigation systems," Salem Al Manai, head of the Agriculture Department said in a press interview.

**Streams**

Kuwait, it is to be stressed, has no running streams or permanent surface water. Precipitation is low (100 mm annually) and not evenly distributed throughout the year. Underground water comes in insufficient quantities and it is prevalently brackish. All these limiting factors, together with high summer temperatures of average 44°C, combine to make farming methods an impossible proposition.

Speaking about both the obstacles to development and achievements of the agriculture department (part of the ministry of public works), Al Manai confirmed that a plan to achieve self-sufficiency in several sectors existed.

Most of the ambitious dreams, economic analysis and proposals have come from experts employed in the Omariya research farm, of 715,000 sq meters, on which the department is situated.

"We are responsible for all the greenery

The existing garden of which one half is devoted to animal husbandry would then be turned over to the public — as a recreational facility, but no plans for a move have been made so far as alternative sites are being considered.

#### Branches

From the headquarters in Omariya, the department organizes several branches of agricultural activities: plant production, poultry, fishery, veterinary services, experimental work in vegetables and animal husbandry.

In addition, free advise on farming methods and pesticides is given to Kuwait's private farmers.

"Experts on the farm study acclimatization of various animals to be able to recommend which animals are best suited. In the horticulture section, botanists attempt to identify which species of plants are best adaptable to the country's dry and hot climate. The concept of genetic engineering and hydroponics — growing plants in water and minerals solutions is not new at Omariya.

#### Production

According to a recently formulated long term plan, Kuwait is capable of increasing its vegetable production from the current 42,000 tons yearly to 120,000 tons — by 1986.

This plan, details of which have already been partly published in local Arabic newspapers, envisages that Kuwait would by that date produce 40 percent of its requirements of vegetables.

Methods of 'protected farming', such as planting in shelters or 'tunnels' have been recommended for the hot summer season.

Such methods, would enable local farmers to harvest crops all year round, it is

hoped, rather than just singularly, in the January-April period.

The plan also targets a 25 percent increase in the production of green fodder (chiefly alfalfa) to cope with future demands by livestock producers.

All along, the chief drawback remains scarcity of water. "The availability of suitable water for irrigation is one of the important factors which affect the development and extension of agriculture in an arid country", a recent study here said.

Hence the department of agriculture has been very keen for many decades to use sewage treated effluent in irrigating fodder plants, ornamental trees, olives, shrubs, palm trees and some varieties of vegetables.

#### Success

"Today, the success of first experiments in these methods has been confirmed and millions of trees are to be planted under the scheme", Al Manai said.

"Trees will be planted along the road between Kuwait and Ahmadi, the second largest city about 50 km south and along other major highways as part of the plan".

While currently about 15,000 dunums of land (15,000,000 sq meters) are under cultivation, with the availability of more irrigation water this could be increased to 500,000.

in Kuwait," Al Manai said. "It started here more than 20 years ago with the planting of trees in school grounds".

"In pre-petroleum era, greenery was scarce or better say non-existent. Fruit and vegetables were considered utmost luxury", remembers Kuwait's chief agriculturist.

"If anyone was seen carrying a basket of fruit, apples, pears or vegetables the usual response would have been — what's happened? Is anyone in your family ill?"

Adds he: "Today — and it is almost embarrassing to say it — some people throw away more than they consume of what they buy."

In the last three decades, Omariya farm has grown out of recognition, while originally the area allocated was a way out of the city, today it is surrounded by urban sprawl and there is already a talk of shifting it to another location.

## Not All Roses for Kuwaiti Farmer

Kuwait ARAB OIL in English No 5, May 82 pp26-27

[Text]

**L**ocal planners tend to project ambitious schemes for Kuwait agriculture, but life down on the farm is not just milk and honey.

Most farmers are either making huge losses or are just breaking even. Only a few farms down in Wafra, Kuwait's chief planting area, manage to take home neat profits.

The farmers say they do not receive enough encouragement and technical assistance. On the other hand, an engineer working for the government run research center explained that the farmers were asking for too much. "We are giving them all possible assistance either at nominal cost or free of charge." There is even a talk of monetary compensation to farmers who fail to derive profits from their investments in planting crops.

### Tomatoes

Adds the engineer, "We have asked the farmers not to depend solely on tomatoes and plant other varieties but many had refused.

Tomato is a lucrative crop for the Wafra farms, which number nowadays around 200 since Kuwait is considered third largest Arab producer of this fruit. But tomato is a seasonal crop ripening all at the same time in spring. For the rest of the year the farmers would have no other sources of income. The farmers have their own ideas.

"Kuwait imports too much of seasonal vegetables," said Muhammad Massod Al Hnaid who, like most of the other farmers interviewed in Wafra recently denied he was making any profits.

### Glut

If there was no glut in the supplies of vegetables on the market we could sell our crops easier. He suggested that for a period of two to three months, when the Kuwaiti farmers harvest their tomatoes and other crops, imports from Lebanon and other countries be curtailed or stopped altogether.

He also blamed wholesalers for 'ripping all the profits'. "While I may sell a crate of tomatoes for 500 fils, the wholesaler will

re-sell the same box for KD 15 in the city," he complained.

Kuwait farmers are a special breed because they generally rely on laborers imported from other Arab countries. The cost of wages greatly hikes their outlays. Explains Al Hnaid: "I spend about KD 20,000 per year on wages for workers. Each worker receives about KD 150 monthly but he is only employed in the growing season," i.e. between October and April." Most of the farm workers are either Egyptians or Iranians.

Several farmers have meanwhile proposed less reliance on imported labor.

### Strawberry

Abdul Rahman Al Mani who in his words, runs the second largest strawberry farm in Wafra, is a proponent of this idea. He says farmers should work themselves on the land they own, adding, "I have burned my fingers with tomatoes. I am still cutting my losses now. Fortunately, I was advised to plant strawberries and now I am making handsome profits."

Al Mani set up his strawberry enterprise by purchasing 80 shelters (greenhouses to protect the crops from excessive heat), at a cost of KD 1,000 each. He has since found that the Ministry of Public Work distributes locally made shelters free but 'only to some people'. He claims that while all material support is given to 'big' farmers, small farmers tend to fall by the wayside and have to wait longer for equipment or advisers.

Nevertheless, Al Mani is now happy with his farm and he pledges to stay in the business. "I shall never plant tomatoes again. My new scheme is to grow cucumbers."

### Problem

A major problem facing the Wafra farmers is the lack of fresh water for irrigation. Wafra is one of Kuwait's traditional farming areas, which means it has been farmed since days immemorial. But water for irrigation comes chiefly from wells and it is brackish. Its semi-salinated contents prevent the use of efficient systems such as the drip irrigation.

The farmers use open channels and spray systems to irrigate their land, and both methods are vastly inefficient due to

evaporation losses.

One farmer also said there were no more wells to be drilled since adjacent areas are said to be oil bearing, according to Getty Oil.

There is a government run research center in Wafra which tries to advise local farmers what to plant and what not to. To demonstrate that 'anything grows' in soil which is properly managed, the center plants potatoes, okra, water melons, green peppers, aubergines, squash and other varieties.

#### Fertilizers

Farmers are supplied with seeds and fertilizers at nominal cost and there are ten tractors in the center which can be hired.

Technical expertise, similarly, is given free though as the engineer in charge admitted, the center does have a 'priority system' and some farmers may be forced to wait longer than others.

"The problem with our farmers," explained an expert in Omariya agricultural department in Kuwait is that they tend to commute to their holdings rather than stay there. If we ask them 'how is your farm' the most usual answer is 'oh, I don't know, I haven't been there for ages'. "They rely too much on imported labor and on our guarantees to bail them out of difficulties."

Muhammad Massud Al Faheed who owns a 180,000 square meter farm in Wafra admits that farming is just a 'hobby' for him. "In no way could I make my ends meet if I was relying on this farm alone.

#### Spending

He says he 'sinks' about 100,000 in his farm annually without breaking even. "But I don't mind spending my money here. Should I instead, gamble with it?"

Al Faheed grows chiefly alfa to feed his animals, sheep, goats and camels. He says he was planning to plant more this year but seeds failed to arrive on time.

"When I travel to Europe I tend to get angry. I see all the greenery and feel that in spite of our adverse climatic conditions we could make the desert green in Kuwait. Technology is the answer, in my opinion".

Still, Al Faheed admits there have been vast changes in the outlook of Wafra over the past five years. "When I came here it was all desert. Me and my family used to sleep under the few trees which were

already here and sand would blow on us. Now as far as the eye can see, there is greenery."

His losses notwithstanding Al Faheed feels he will continue to farm. Asked what keeps him going he says simply: "The love of my land".

#### Green Fodder for Cattle

**O**n the road to self-sufficiency, one important landmark has already been passed — no longer does Kuwait need to import green fodder for its 7,000 heads of cattle.

The United Agriculture Production Company now sends daily 60 tons of freshly cut alfalfa to local farms and in addition it distributes 10 more through its own sale outlets.

Beside alfalfa, other forage grasses produced and supplied by the company are barley, barley hay and alfalfa hay.

The overall total of fodder sold represents 99 percent of the country's requirements and surpluses have to be turned into hay, an engineer in charge explained.

All this is good news for the 18 or so farms in Suleybiya, members of the Union of Fresh Milk Producers.

Recently, the union has imported 3,500 heads of Fresian cattle partly from Europe (3,000) and partly from Australia (500).

The fodder producers were ready to meet the sudden jump in dairy farms' requirements.

#### Escalation

In turn, the sudden escalation in the number of cattle was a welcome news for the Kuwait Dairy Company which specializes in the processing of fresh milk.

The company now receives 60,000 liters of milk daily at its modern plant in Suleybiya, close to the farms.

"But the capacity of our plant is 100,000 liters", explained Adel Shaker, the manager, during an interview. "We are ready to step in and process more milk if more farms decide to expand."

While about half of the milk is processed for drinking, the other half is made into cheese, yoghurt and fresh labneh.

Adel Shaker estimates that about ten percent of the country's drinking requirements are met by the company's output. "I have

made my own calculations according to which Kuwait consumes 160,000 tons of dairy products per year. These figures are based on official statistics on imports of reconstituted milk, cheeses and other dairy products."

About 100,000 tons of those products are consumed strictly as drinking milk which means that our production of 10,000 tons annually represents ten percent. Another ten percent of fresh milk is provided by small holdings and private non-commercial producers".

He added that the company's aim was to furnish full requirements for pasteurized milk while only surpluses are processed into other dairy products.

Most up-to-date technology and methods are applied in the dairy to ensure that the milk delivered to local customers is of top quality. As soon as milk is delivered in the morning, samples are taken from each consignment for checking.

The milk is then cooled to five degrees centigrade because it has arrived from the various farms under various temperatures.

The normal process of pasteurization is then applied.

#### Subsidies

The Kuwait Dairy Company was set up in 1960 as a private company. It became a shareholding company in 1978. Its owners, the Union of Fresh Milk producers, receive from the government 80 fils in subsidies for every liter of milk they produce.

Products of the company are sold through the usual sale outlets in the country, such as the co-operative societies, stores and other shops. The company has its own sale outlets on the premises in Suleybiya.

New products have appeared on the market this year. They are first of all cheese and also diluted laban (yoghurt — a great Arab favorite in the heat of summer). For children, the company has introduced a range of flavored milks, i.e. strawberry, chocolate, banana flavored drinks, etc.

If requirements for fresh milk increase, the company is ready to meet new demand. Which is again a good news for the country's 1.3 million inhabitants, most of whom have for decades accepted the diet of reconstituted milk imported from outside.

#### More Poultry Production Required

Kuwait ARAB OIL in English No 5, May 82 pp 40-41

[Text]

**K**uwait consumes a total of 360 million eggs, and 36.5 thousand tonnes of poultry every year. Out of this, around 113 million eggs and 11,000 tonnes of poultry meat are locally produced. The remainder is imported.

Tarik Abdul Baki, Deputy Manager of the Mubarakiah Poultry and Feed Company, said in an interview recently that his company will be producing 40 million eggs and five million broiler chickens during 1982.

"We are expecting to extend our production to 120 million eggs, and 12 million broilers annually," he said.

Mubarakiah was established in 1977, with a capital of 14.4 million dollars, as a shareholding company. Today the capital is 43.5 million dollars.

The company has fully integrated project. It has its own water desalination plant, an electricity generating station, a slaught-

erhouse with a capacity of 1,000 birds per hour, (extendable to 1,500 birds per hour), nearly 40 marketing branches for the sale of live birds, a feed mill with storage facilities of 9,000 metric tonnes of feed material, parent stock farms, layer and pullet rearing farms, an egg-packing center, a hatchery, a clinic with a resident doctor, and a laboratory for disease diagnosis.

Speaking about the feed for poultry, he said that most of the raw materials have to be imported. Feed concentrates and feed additives are imported from Europe, and yellow maize and oyster shells from the Far East. Soya bean meal is purchased from the Kuwait flour mills, and barley and wheat bran is bought from Kuwait Supply Company. Yellow maize, which is now imported from Thailand, is likely to be purchased locally from KSC, as the last three items are subsidized. The capacity of the feed mill is 15 tonnes per hour. At the moment Mubarakiah are producing around 2,000 tonnes of complete feed per month.

#### Marketing

Mubarakiah markets table eggs, liquid frozen eggs, processed broiler chicken, both chilled and frozen chicken pieces, as well as live chickens and feed.

Tarik adds that the industry faces several problems. He said that the government of Kuwait is subsidizing products of one country at a time, each year. Last year it was Brazilian frozen chickens. This year it was frozen chickens from France. Next year it may be Denmark, and so forth. These products are also subsidized by the country of origin. "The result is that it is very difficult for us to compete with them at the price level, but the consumer is price directed," he added.

He continues, "the cost of production for us is very high. One of the main reasons is climatic conditions. Environment has to be controlled by cooling and ventilation, and as such, initial investment is very high. Locally produced raw material is non-existent, and wages of laborers are high. The lack of infrastructure at the time of starting a project, and the lack of trained skilful local manpower, adds to our difficulties."

"There is also an absence of a proper strategy related to the poultry sector. What has happened is that 'parasite producers' have sprung up. They prosper, either at the expense of local hatcheries or of the local feed mills. Such producers are opportunists who are after a quick profit, they do not believe in the national goal of achieving food security. Their activities reflect negatively on other companies who are true producers, and are trying to achieve Kuwait's aim of attaining self-sufficiency in food products," he added.

#### **Specialist**

Tarik Abdul Baki is a specialist in poultry production and nutrition. He has previously worked in the research department at the American University in Beirut, and was, for

some time, employed by the Ministry of Public Works in Kuwait.

He said, "more financial facilities should be given to the national food producing companies, especially in the poultry sector, in line with the national strategic plan to achieve self-sufficiency in food. It has to be taken into consideration that returns on poultry production cannot be compared to returns on other sectors, because of the type of investment and high interest rates charged by the banks. Some measures to help the poultry industry have been taken in neighbouring countries. They have resulted in good production rates. Such measures have proved to be incentives for more production, and establishment of new poultry companies. I hope that these new incentives shall be considered in Kuwait."

## **Meat consumption increases**

Growth in the consumption of meat continued in Kuwait during 1980. The Kuwait Cattle Transport and Trading Company imported 2.6 million heads of livestock during 1981 compared to 2.08 during 1980, showing an increase of about 26 per cent.

A spokesman for the company said that besides the cattle, about 3,073 tons of frozen meats were imported.

It also imported 1,461 live cows for breeding purposes. These have been distributed to different farms in the country, the spokesman said.

The company recently purchased a ship, "Al Massilah", which has increased the company's shipping capacity to 340,000 heads every 45 days.

Slaughtering of cattle totalled 7,221 a day during 1981 and the first months of 1982. However, it has been reported that 4,000 heads a day is the requirements of Kuwait. The excess is exported.

## Floating Skyscrapers

Kuwait ARAB OIL in English No 5, May 82 pp 44-45

[Text]

**E**very ten days or so, a mammoth ship resembling more a floating skyscraper comes to berth in Shuweikh harbor. Down the gangway descend four-legged woolly creatures, in

their hundreds, thousands, in fact up to one hundred thousand, in a neat file.

They have just completed an 18 day journey from Australia, their last journey, at the end of

which there is only one possible destination — the dining table.

Kuwait imports annually three million live sheep from down under and more than two million will be processed and eaten here. About a million are in transit for Saudi Arabia and Iraq.

The operators of those specially converted ships, referred to in the trade's parlance as live sheep carriers (LSC), are the Kuwait Livestock Transport and Trading Company (KLTC), whose chief aim it is to provide adequate supply of meat to the local and neighboring Gulf markets.

Each of those vessels has been adapted to carry up to 100,000 sheep and the largest of its kind, Al Shuweikh, can hold 125,000. Al Shuweikh is the largest LSC in the world and KLTC are the largest operators in business, in terms of volumes of their transactions.

#### Film

To capture the spirit of one such voyage, two Australian film-makers have come all the way from Sydney to Kuwait. They followed the trail of Al Azra, a carrier owned and operated by KLTC, from Adelaide in South Australia to Shuweikh harbor.

On its last trip, Al Azra carried 97,000 sheep. At the other end, Ben Hills and Gary Albery waited with a crew of three to witness and film how the sheep would emerge after their 18 day journey, crammed into large pens stacked several storeys high on top of each other.

In Australia, the producers said, there is a raging controversy about the live sheep trade. The woolly creatures, the story goes, deserve better than to be carted in huge ships to slaughter-houses in a faraway country.

Several disasters have been apparently recorded whereby thousands of sheep were lost at sea.

"We have heard of several disasters involving sheep at sea", the producers told Arab Oil. "Last year, a LSC named Fared Ferez sank in Bas Straits off the Australian coast and 45,000 sheep were lost. In another reported accident, 9,000 sheep died in a fire which gutted the Persia."

Many sheep also die in small accidents, as a result of overcrowding, diseases and even climatic changes."

None of the disasters, small or great have ever befallen the KLTC carriers, though. The Al Azra sheep arrived in Shuweikh hale and hearty, all but for 1,500 lost en route.

Such losses are considered 'minor' by the operators.

As the Al Azra sheep were slowly descending down the ramp, the film crew were busy shooting. Little emaciated and dirty, the sheep were declared in 'good condition' by a team of health inspectors.

#### Opposition

In Australia, about two million viewers are expected to see the sheep trek film in a popular current affairs program called '60 Minutes'. Film producer Ben Hills explained that there is basically a two pronged opposition in his country to the live sheep trade.

Animal lovers of the Royal Society for the Prevention of Cruelty to Animals (RSPCA) have been campaigning against the trade because they abhor the 'undignified last journey' the sheep have to go through.

At the other end, Australian trade unionists have come up fiercely against the trade recently. In an already declining abattoir business, they say, it is undesirable to promote more live sheep export.

The Australians would like to see more of their sheep killed at home and exported as frozen commodity. The abattoirs, they argue, can ensure proper halal killing. They had been inspected by Saudi authorities and employ a large number of Muslim workers, Ben Hills said.

According to the reporters' inquiries, however, one major reservation that people here do have against the frozen variety is its 'lack of taste'.

"Not only that", says Capt. V. Pearce, KLTC deputy general manager and fleet manager. "For any meat to be declared Halal, it must be consumed within 72 hours from the time of slaughter. There is no way the Australian meat can be brought here in such a short space of time, unless it is either flown in or frozen. And remember, people here simply won't eat frozen meat."

"We feel that the Australians are entitled to their point of view, but they cannot change the Arab people's habits, going back thousands of years."

#### Comfortable

He pointed out that the KLTC vessels were specially converted for the Australian runs and there was no question of overcrowding.

"The sheep are put in pens holding about 120 each and they have plenty of space to

move. There are automatic food conveyor belts which bring feed and water 24 hours a day. The ships also have proper ventilation systems."

"In addition, a health officer accompanies each trip and the animals are innoculated for the journey. There is no question of disease." "The company in fact follows strict regulations laid down by the Australian government and that government would be the first to complain if they found any violations."

#### Mutual

On the whole, Capt. Pearce thinks that both sides, Australia and Kuwait, derive great benefits from the trade. "We take sheep from Australia that have been shorn for wool several times and are considered de facto a 'waste' because the Aussies do not eat mutton, they eat only lamb. The Australian government and the farmers are extremely happy about the business."

Adds he: "however, if the Australian trade unions continue to make noises we shall be forced to diversify our sources of supply." The company, which had successfully developed its operations thanks to the dynamic thinking by its chairman, Yacoub Yusuf Al-Humaidi, is already looking into the pos-

sibility of expanding its operations at the other end of the globe. Chairman Al Huaidi Humaidi had recently visited Brazil and a project for imports of live sheep has been set up there.

KLTTc already has one vessel operating on the Latin American run between Kuwait and Uruguay.

The Australian run meanwhile employs four vessels, of which Al Shuweikh is the newest and largest (125,000 sheep capacity). The other vessels are Al Qurein (117,000), Al Yazra (108,000) and Al Khalij (40,000). Each vessel makes about 8 trips to Australia in a year, bringing also barley for a special feed that the company produces.

In addition to live sheep, the company also imports large quantities of frozen meat for its meat processing plant and breeding cows for the Kuwait Dairy Company. The company does not import lambs.

Established in 1961, as a private company, KLTTc has really expanded its trade with Australia in the past four years. It became a public company in 1974.

"Arab people prefer to eat fresh meat, it is as simple as that," Capt. Pearce said. "They will not change their habits because of trade union officials in Australia."

CSO: 4400/317

## PETROLEUM PRICES INCREASE

Kuwait ARAB OIL in English No 5, May 82 pp 48-49

[Text]

**P**rices of petroleum sold in Kuwait went up by a sharp margin last month.

Releasing the news about the increases, Chairman and Managing Director of the Kuwait National Petroleum Company (KNPC) said the move was in line with a government policy to 'rationalise' consumption of energy in the country. Chairman Ahmad Abdul Mohsen Al Mutair, stressed at the same time, that even with the new price rises, government subsidies of petroleum products were not being lifted.

A liter of super premier gasoline (98 Octane) will now cost 50 fils per liter at all filling stations and fuel depots. The former price of gasoline was 25 fils per liter.

Even a larger hike applies to the price of premier gasoline (90 Octane) which goes up from 15 fils per liter to 40 fils, a rise of 160 per cent.

### Diesel

Meanwhile, the price of gas oil (diesel) is to increase from six fils per liter to 40 fils and the price of kerosene, as supplied for home use and bakeries, will climb from six fils per liter to 20. The latter two products have been heavily subsidised up to now.

The decision aims first of all to cut wasteful energy consumption and to 'enhance the awareness of the public' of the real value of petroleum resources, the Chairman said, while outlining a typical situation in a country where many families often owned several cars.

He stressed that government subsidies of petroleum products meanwhile remained

the same. "The old prices failed to represent the real alternative value of the products. The subsidies are being reduced only partially."

"As a petroleum producing country we must be directly involved in world-wide efforts to conserve energy stocks. We cannot ask our customers in the west to reduce their energy consumption while the same time we do not practice what we preach, we must start the initiative here," the Chairman explained.

Still with the new increases, the real value of the products will be reflected only partially.

### Decision

The government decision to hike the fuel prices comes at a time of a GCC (Gulf Cooperation Council) ministerial committee meeting in Riyadh, Saudi Arabia, which aims to find ways of coordinating prices of petroleum products among the member states. "The final goal of the GCC community is to unify those prices," Al Mutair commented.

On the other hand, the decision comes against the background of continued oil glut in the world market which has been pushing down prices and hence oil revenues of the chief producers.

Kuwait's Oil Minister, Sheikh Ali Khalifa, had predicted in March that the surplus would pass in a matter of months by saying, "it is a matter of waiting for three months."

The KNPC Chairman recalled that Kuwait's petroleum products prices have remained static more or less since 1972, though there have been short temporary increases. In 1972, the posted price per barrel of oil was two dollars, while in 1982 it became 34 dollars, about 15 times more.

# Oil prices, subsidies

Local market subsidies extended to petroleum products during 1981

Products	Amount sold in thousands of liters	Posted world prices plus mktng. costs ( fils/liter)	Prices in the local market	Government subsidies ( fils/liter)	Total govern- ment subsidies of each product in KD
98 octane	163,847	88	25	63	10,322,361
90 octane	1,149,466	83	15	68	78,163,688
Kerosene	36,561	90	6	84	3,071,124
Diesel	542,369	85	6	79	4,284,715
Total	1,892,243	—	—	—	134,404,324

Comparable prices of petroleum products before and after the increase and amounts of government subsidies.

Products	Average Gulf posted price	Cost of marketing	Total cost	Old price	Former govt. subsidies	New prices	Present govt. subsidies
98 octane	82	6	88	25	63	50	38
90 octane	77	6	83	15	68	40	43
Kerosene	84	6	90	6	84	20	20
Diesel	79	6	85	6	79	40	45

Bahrain

Countries	Products	f/liter	
Abu Dhabi (UAE)	98 octane	55	Iraq
	90 octane	48	
	Kerosene	44	
	Diesel	46	Oman
Dubai (UAE)	98 octane	63	
	90 octane	56	
	Kerosene	55	
	Diesel	55	

98 octane 57  
90 octane 46  
Kerosene 38  
Diesel 34  
98 octane 58  
90 octane 43  
Kerosene 10  
Diesel 19  
98 octane 98  
90 octane 94  
Kerosene 96  
Diesel 93

Prices of petroleum products  
in some neighbouring countries:

The new increases are directed at all consumers, he stressed. They will affect the owners of large 'guzzlers' as well as industrial users.

#### **Effect**

Prices of several commodities directly dependent on the prices of fuel are expected to be affected also, in near future. Al Mutair added that prices of lubricant oils would not be affected.

Kuwait Airways fares are not expected to go up, however, as the corporation is already purchasing all fuel at internationally posted prices.

In the course of a press conference last night, Al Mutair clarified that the new higher prices are deemed necessary in order to curb a wave of smuggling. "This illegal practice had led to depletion of our valuable resources," he said.

He concluded by saying that the decision to hike prices was taken by the Council of Ministers and was communicated to KNPC by the Oil Minister. By implementing the decision, available stocks of oil will be exported and national income will be boosted, he said.

CSO: 4400/318

BRIEFS

LOAN TO REAL-ESTATE FIRM--Twelve Kuwaiti banks and financial institutions recently issued a 72 million dollar loan in favor of the Kuwait Real Estate Company, according to the annual report of the Al Ahli Bank of Kuwait. The loan was arranged by the Al Ahli Bank with cooperation from the Real Estate Bank of Kuwait, Commercial bank of Kuwait and the National Bank of Kuwait. The loan is to finance the company's activities during 1982. It will be repaid within five years in semi-annual installments. [Kuwait ARAB OIL in English No 5, May 82 p 52]

PETROCHEMICAL PRODUCTION SLUMPS--Production of the Petrochemical Industries Company (PIC) slumped 25 per cent as a result of the cut in oil production, according to Abdul Hadi Al Nouri, Chairman of the PIC Board of Directors. Speaking in an interview recently with the Al Hadaf newspaper, the Chairman said that besides the cut in oil production, another factor affecting the companies production is cheap fertiliser being imported from Far Eastern countries. However, Kuwaiti fertiliser managed to remain reasonably priced, he added. The fertiliser market was also affected by demand and supply factors determined by agricultural seasons and climate. [Kuwait ARAB OIL in English No 5, May 82 p 52]

CEMENT COMPANY EXPANDED--The Kuwait Cement Company is to be expanded to raise its production capacity by 720,000 tons to 2.1 million tons annually by adding two more units, according to the Company's annual report. The report said that last year the plant worked at full capacity and managed to produce 10 per cent more than its established capability. The company has obtained permission from the government for the expansion and signed an agreement with the Danish Company, F.L. Smith. The cost of the expansion is estimated to be 35 million dollars and it is to be completed in 1983. [Kuwait ARAB OIL in English No 5, May 82 p 52]

HEAVY LOAD ON PORTS--The load on Kuwaiti ports has increased by 70 per cent since the beginning of the Iraq-Iran conflict, according to Ibrahim Johar, transit cargo controller, customs administration. He was speaking to an Arabic daily recently. The load was, however, transit cargo. Raw materials, perishables and other equipment were shipped via Kuwait to other Gulf states, he said. Although all possible steps had been taken to ease transit cargo traffic, it was still a heavy burden on the customs authorities, he said. The customs authorities collected on an average, about 55,000 dollars in fees

daily, he said. Sometimes, this figure doubled, he added. The department processes up to 350 such applications daily. Although the authorities are adept in clearing cargo, sometimes they face problems from the importers. For example the trade marks on goods have to be amended. These problems cause considerable delay, he said. Sometimes, there are about fifty amendments per day. Delays are also caused, due to shortage of staff, he said. The customs authorities are planning to establish a separate department to deal with the transit cargo consignments, he added. [Kuwait ARAB OIL in English No 5, May 82 p 56]

OIL PRODUCERS FINANCE PETROCHEMICAL INDUSTRIES--The Oil Minister of Kuwait, Sheikh Ali Khalifa, has promised that Gulf oil producers will finance petrochemical and other industries in Oman and Bahrain as well as other Arab states. In an interview with the Qatari magazine Al-Wa'ad, Sheikh Ali Khalifa said that a tripartite committee comprising of Saudi Arabia, Kuwait and Qatar has been studying possible joint projects in Oman and Bahrain. Earlier in the day, Bahrain announced that it has been forced to scrap certain development projects because of lack of funds. Oman, which controls the Hormus Straits oil tanker lanes to the West, currently suffers a 500 million dollars balance of payments deficit and spends on defence more than 1.7 billion dollars annually, nearly 50 per cent of its oil revenues. The Kuwaiti minister said the oil-producing Gulf states "are exerting great efforts to invest in the Arab world despite some obstacles hampering such investment. He said these include "lack of developed money markets, shortage of skilled labour and executive and managerial staff. Sheikh Ali also came out in favour of defending the current achieved economic crude prices and giving the world a chance to acclimatise with them. "The world will acclimatise within two years at the most," Sheikh Ali said in the interview. He attributed the current oil glut to "surplus supplies and the current economic recession" in the world. The transcript of the interview was carried by the Gulf News Agency. Meanwhile, in London, energy specialists speculated that Britain's decision to slash the price of its north Sea oil by four dollars to 31 dollars a barrel could lead to further cuts in OPEC oil of prices. [Kuwait ARAB OIL in English No 5, May 82 p 56]

IMPORTS OF FOODSTUFF--Kuwait imported 60 million kilograms of foodstuff during January of this year, of which a total of 366,000 kgs were contaminated. A total of 6,000 kgs were also returned to the country of origin, and 21,000 kgs were destroyed by the health laboratory authorities according to a government spokesman. Included in this total was 1.1 million kilograms of eggs (of which 20,000 kgs were bad), 2 million kgs of basic commodities for food manufacture, 1.8 million kgs of fodder and 1.8 million kgs of fresh fruit and vegetables. At the same time, Kuwait exported 28,000 kgs of meat by products and 595 kgs of assorted pastries. [Kuwait ARAB OIL in English No 5, May 82 p 56]

SOVIET-KUWAITI COMMERCIAL TIES--The Soviet News Agency, Novosti, recently described Soviet-Kuwaiti commercial relations as successful and said total trade between the two countries had reached about 25 million dollars, during 1981, all paid in hard currency. The bilateral cooperation is attributed to the constructive role played by the Chambers of Commerce of the two countries. The Soviet Chamber of Commerce and Industry represents 4,200 commercial and

industrial firms, research and design institutions as well as marketing companies. In 1973 the Soviet Chamber concluded an agreement with the Arab Chamber of Commerce, Industry and Agriculture in Abu Dhabi for the joint establishment of an Arab-Soviet Chamber of Commerce and Industry. Novosti stated that the Kuwaiti and Soviet Chambers had agreed to study a project on the exchange of commercial and economic information and share in arranging seminars, exchange bulletins, research studies, and extend aid. [Kuwait ARAB OIL in English No 5, May 82 p 56]

PROJECTS FINANCED BY INDUSTRIAL BANK--The Industrial Bank of Kuwait provided 115.2 million dollars in 1981 for financing 39 projects. The figures compare to 41 projects financed by the bank in 1980 at a total cost of 115.7 million dollars. The bulk of the bank's lending went into the chemical products sector reflecting Kuwait's rapid industrial growth. Substantial loans were made by the bank for projects relating to oil explorations and dredging schemes to determine the state's oil and gas reserve potentials. The banks total loan commitments reached 624.5 million dollars in financing 220 projects with a total value of 1,355.7 million dollars. As part of its effort to activate domestic industries, the bank will shortly provide financing for a bottle production plant and a metal printing industry, its chief executive Anwar Abdulla Al-Nouri said. The bank is also financing foreign industrial projects on a commercial basis and a committee had already been formed to investigate investment opportunities abroad, he added. [Kuwait ARAB OIL in English No 5, May 82 p 55]

KOTC EARNINGS--Kuwait Overland Transport Company's annual report gave the company's earnings from 1981 as 7.92 million dollars. The report mentioned that the company's trucks, trailers and buses which were 200 in all had more than doubled to 500 by the end of 1981. The increase included about 72 trailers for the transport of loose cement. The report also said that nearly 551,687 tons of goods including rice, sugar, pipes, cement, iron, fodder and containers were transported during 1981. [Kuwait ARAB OIL in English No 5, May 82 p 55]

CSO: 4400/315

LEBANON

ARAB WEAKNESS BLAMED FOR LEBANON'S PLIGHT

PM081405 Beirut AS-SAFIR in Arabic 6 Jun 82 pp 1, 14

[Editorial: "The Impotent Arabs Who Are Unable to Speak"]

[Excerpts] With cool nerves--in contrast to the warm blood that flowed from the bodies of the dead and wounded after the Israeli raids that have continued for the second day--we record the following facts:

First, that in Britain, Scotland Yard [headquarters of London's metropolitan police] had announced that the four persons detained on the charge of attacking the Israeli ambassador in London do not belong to the PLO and that they belong to a dissident group. This announcement by the authority carrying out the investigation is sufficient to disprove all Israel's allegations that it has caused all this destruction in retaliation for the shooting of the Israeli ambassador. The plan was premeditated and the decision was a joint U.S.-Israeli decision aimed at subjugating Lebanon, the Palestinian revolution and every Arab who still rejects U.S. domination in order to make him accept the logic of Camp David and to open the gates for the Israeli tanks. Their aim is to achieve this objective as U.S. envoy Philip Habib arrives so that he will be able to begin his negotiations on that basis and proceeding therefrom in order to achieve the pre-set targets of his mission.

Second, whereas Israel could claim that on the first day of its raid it was seeking out military targets, its claim has now been refuted and exposed for all to see. The main victims of yesterday's raids were those poor cab drivers, the road workers who were blown up together with the work that they had completed, and the Lebanese who had nothing to do with military activity and who happened to be passing by or fleeing the indiscriminate bombing.

Third, the official Arab silence, to which [foreign minister] Fu'ad Butrus referred in his television interview, is an eloquent expression of the reality of Arab weakness which has reached a point where Arab rulers are unable even to say a word or whisper some encouragement. Such rulers are frustrated and humiliated. The ordinary citizen is aware of this fact and therefore he is bound to realize that henceforth no better future can be dreamed of unless Arab rulers of this type are liquidated and all their humbug, corruption and flouting of their people's rights and dignity are done away with.

Fourth, in the face of 20 silent Arab voices and 20 Arab connivances, the joint Lebanese-Palestinian forces are launching their rockets and firing the few guns they possess so as to place on record that it is these fighters alone who are fighting the battle of resisting Israel and that, though they may be few, they are inflicting losses in the Israeli ranks, forcing the Israeli settlers to sleep in shelters and inflicting damage upon their property in retaliation, to some degree, for the damage and harm being caused to the Lebanese and Palestinian citizens.

Fifth, Fu'ad Butrus, who is probably the weakest Arab foreign minister, deserves to be congratulated for having reached the political conclusions he has announced. He has thus shown far more courage than some of the very powerful but very cowardly Arab leaders who flinch before some of the obvious facts which Butrus has realized. Butrus declared two important facts.

First he declared that he does not trust U.S. promises to find solutions for pacifying the situation in the Middle East and particularly in Lebanon.

Secondly he declared that it is necessary, following the example of U.S. pragmatism, to recognize the Soviet Union's role in reaching solution for outstanding international problems and, therefore, it is necessary to contact the Soviet Union and benefit from its stands and to seek to bring about a Soviet-U.S. understanding on our problems and affairs instead of pursuing the losing policy of wagering on the United States alone.

CSO: 4400/327

LEBANON

INFLUENCE OF AL-AMAL MOVEMENT EXAMINED

PM091007 Paris LE MATIN in French 28 May 82 pp 14-15

[Part five of Marc Kravetz article: "The Shi'ite Resurgence"]

[Excerpt] The resurgence of Lebanese Shi'ism and the preferential ties it has with Imam Khomeyni's Iran do not, however, make Al-Amal the spearhead of a future Lebanese Islamic revolution. One faction of the movement, led by Husayn Musawi, one of its vice chairmen, advocates this line, which is still in a minority--70 delegates against 400 at the last Al-Amal congress. The majority's main aim is to improve the community's lot and status within the Lebanese entity. "We have always been the pariahs of this country, and all that is all going to change," lawyer Nabih Barri, chairman of the Al-Amal command council stated. "The days of noble citizens and lower class citizens are over. We refuse to be second-class citizens."

Nonetheless there are visible divisions within the movement, especially between the "religious" wing, represented by Muhammad Shams Ad-din, who succeeded Imam Musa Sadr at the head of the higher Shi'ite council, and the wing of the "politicians" like Barri, while the former, which is closer to Iran and very closely tied to the Lebanese state, intends to assert Shi'ite Islam's autonomous leadership and wants to make it the Maronite camp's preferred Lebanese interlocutor ("Bashir al-Jumayyil represents the cross and we the crescent," Muhammad Shams Ad-din apparently said one day), the latter is trying to maintain a fragile compromise between Al-Amal, the Palestinian resistance and the Lebanese national movement. Syria, which has a presence in all the organizations factions, has its own faction represented by Abu Yahia, the movement's military leader.

The ceasefire concluded between Al-Amal and its Palestinian-progressive adversaries after the clashes on 14 April, in which 47 people were killed in the suburbs of Beirut and in southern Lebanon, has not been broken, but there are an increasing number of disturbing signs. Officially the main difference of opinion between Al-Amal and the Lebanese national movement relates to the deployment of the (legal) Lebanese authorities in southern Lebanon, which is advocated by the former and rejected by the latter, who are demanding a prior "readjustment" of the armed forces which are accused of being derived from Bashir al-Jumayyil's Lebanese forces, and participation by the "joint forces" (Palestinian-progressive) in the "defense of the south."

The fact is that the Lebanese left and the Shi'ite organizations are opposed on everything. "Al-Amal's real objective is to introduce 'sectarianism' among the Shi'ite community to achieve a redistribution of the Lebanese cake to its advantage," a Lebanese communist leader told me, while at Al-Amal I was told: "The communists and Iraqi Ba'thists, who no longer have any popular support, are instilling terror into the population of our regions in order to maintain their power there."

Both sides swear that they will not shoot first but their fingers never leave the trigger. Yasir 'Arafat and the Palestinian resistance constantly reiterate their neutrality in this "unfortunate" conflict among brothers. Nonetheless they know that anti-Palestinian feelings are at least as strong as anticomunism within Al-Amal.

"We are not anti-Palestinian," an influential member of the Shi'ite organization retorted. "We are opposed to the way in which the Palestinians are acting in southern Lebanon. It is not by seizing our land and lording it over us in our villages that they will liberate Palestine. Moreover do they still want to liberate Palestine? What did they do when their brothers were being massacred by the zionist troops in the occupied territories? If the Palestinians really want to fight we are with them. We are prepared to march on Israel even if that were to cost 30,000 or 40,000 martyrs. If Ayatollah Khomeyni had behaved like Yasir 'Arafat the shah would still be the one on the throne in Iran."

In east Beirut Al-Amal's progress is being followed with the greatest interest. "Greater Lebanon was created in 1920 as a result of an agreement between Maronites and Druzes," a Phalangist leader recalled. "It was a Maronite-Sunni agreement which sealed the political pact for Lebanese independence in 1943. Why not now devise a new national accord on the basis of an agreement between Maronites and Shi'ites?"

We have not reached that stage, and so far there has been no indication that Al-Amal has the means and adequate cohesion to impose its law, either politically or by force, on the many components of non-Maronite Lebanon. Nonetheless it has succeeded in asserting itself as the vital partner in any negotiation and the foreseeable hypothesis of an Iranian victory in the war against Iraq is obviously bound to strengthen its role. The Lebanese leaders do not fail to stress that the Shi'ites have a majority not only in Iraq but also in Bahrain, in the Gulf and that they have influential minorities in Kuwait, in the Emirates and in Saudi Arabia where they form virtually the whole population of Hasa, the kingdom's eastern province, which is also the center of its oil wealth. If you add the alliance with the Alawite minority in power in Syria it is easy to understand that the stakes represented by Al-Amal now go far beyond minor quarrels in west Beirut.

CSO: 4400/327

LEBANON

BRIEFS

SHI'ITE YOUTH VOLUNTEERS--Hundreds of Shi'ite youths from the villages that have fallen into the IDF's hands over the last few days in southern Lebanon have expressed their willingness to take an active part in the liberation of all of Lebanon. Our correspondent Yo'el Dar reports that the representatives of the Shi'ites have informed the commander of the Christian militia in southern Lebanon that they are prepared to bear arms at once and fight shoulder to shoulder with the militia. The youths explained to Major Haddad that their representatives' cooperation with the PLO had been imposed on them by force and they now want to turn over a new leaf. Haddad informed them that he does not intend to take revenge on them and he will do all he can to help them in every possible way, with the aid of the state of Israel.  
[Text] [TA110415 Jerusalem Domestic Service in Hebrew 0405 GMT 11 Jun 82]

CSO: 4400/327

LIBYA

SPA REPORTS MARCH, APRIL ATTEMPTS ON AL-QADHDHAFI'S LIFE

LD091556 Riyadh SPA in Arabic 1335 GMT 9 Jun 82

[Text] Riyadh, 9 Jun (SPA)--According to reports from Libya, four attempts on the life of Colonel al-Qadhdhafi were discovered during the past few months. The purpose of the attempts was to eliminate the tragic economic, political and social conditions brought about by the regime of his henchmen in Libya.

The attempts were discovered on 26 and 28 March and early and late in April. In one of the attempts, explosives were placed in a multistory commercial center on the road to Banninah airport in Banghazi, which al-Qadhdhafi was scheduled to open. In another attempt, a number of students and professors were arrested in Banghazi and charged with plotting to assassinate al-Qadhdhafi. The third attempt also took place in Banghazi and was planned by Maj Salim as-Suway'i, who was later arrested. He was exposed by a female officer in al-Qadhdhafi's army. One hundred seventeen officers including a sergeant by the name of Ahmad Taqbadah were then arrested. In the fourth attempt, 21 Libyan naval officers were executed after their plot to assassinate al-Qadhdhafi was unmasked.

The four attempts prove that the desire to get rid of al-Qadhdhafi has become general and dominates the feelings of all sections of the fraternal Libyan people.

As a result of the liquidations that followed the discovery of these attempts, the situation became so tense within the Libyan leadership that a clash is likely to take place between the diehard wing, which consists of al-Qadhdhafi's relatives, and the wing of supporters of Mustafa al-Kharrubi and 'Abd as-Salam Jallud, who are supported by the tribes.

This sharp crisis has taken place at a time when the Libyan opposition abroad has been working to close its ranks, particularly within the framework of the National Front for the Salvation of Libya and the international Arab-African Society, which is opposed to al-Qadhdhafi's terrorism.

Everyone is aware of the seriously deteriorating conditions in Libya, the like of which has never been seen before. These conditions have resulted from the bad political and social practices in Libya and from the bad

economic conditions, reflected in the deficits of many Libyan companies and organizations. The embezzlement and maladministration stems from the Libyan regime's appointment of people to posts because of their allegiance rather than their qualifications.

The National Marketing Company, for example, recorded a deficit of 90 million dinars in 1981 after its production shrank due to mounting embezzlements. The Libyan establishment for food, clothing and electronics has also recorded a deficit of 10,000 [as received] dinars. Several cases of embezzlement have also been discovered in several public commercial institutions on the outskirts of Tripoli.

In a bid to compensate for public thefts, a decision was made on 11 April 1982 providing for increased prices of all goods, including consumer goods--in some cases by over 100 percent.

These deteriorating political and economic conditions in Libya have begun to have an impact on conditions within the Libyan army. As for the people in the street, the popular opposition to al-Qadhafi's regime has manifested itself in a series of sabotage attempts by the various sectors of the Libyan people as an expression of their rejection of the regime there.

CSO: 4400/326

## MOROCCAN PRICE CONTROL POLICY STUDIED

[Editorial Report] Rabat ALMAGHRIB in French 14-19 May 1982 published a 6,000 word study by Ahmed Nadifi, a Chamber of Representatives deputy, on the problems and solutions concerning the government's price control policies. Nadifi suggested that the price fluctuations are due to either a lack of supply or to the disorganization that exists in the channels of distribution. He emphasized the negative correlation that exists between product supply and price level. Hence he asserted: "We can speak of a supply policy as an instrument of price policy." He commented that in Morocco the supply policy suffers from an imbalance between supply and demand due to the lack of adequate forecasting, lack of coordination between the various government agencies responsible for supply, and lack of regulations concerning inventory control. Nadifi added: "The commercial channels in Morocco suffer from many weaknesses and from the parasitic character of some middlemen. This situation is aggravated by an outdated commercial legislation and an archaic commercial register." He also believed that the system of product distribution on the basis of quotas and the lack of the means of transportation add to the above problems.

Nadifi characterized the government's price control policies, as they appeared in the five year plans since 1960, as weak and "tentative." Moreover, he accused the government officials in charge of these policies of ignorance. He called on the government to eliminate the distribution of products on the basis of "quotas" and to ameliorate the means of transportation. He also insisted that the government continue its subsidy of basic commodities. He rejected in this connection the international organizations' advice to cancel government subsidies. He affirmed that such an action would be inhumane in the developing nations, because a fairly large number of consumers are without any revenue and the majority of households earn a low income. Nadifi suggested that for a price control policy to be more effective, certain conditions should be present: "The sufficient supply of products, the liberalization of the quotas on certain products, especially sugar and tea, the adequate control of all levels of transactions from the producer or importer to the consumer, adequately trained controllers, the coordination of the actions of the various controllers in the various government agencies, government abstention from any comprehensive design to control the industrial and commercial companies, the establishment of a manufacturing code for local products, which would then be applied to imports, and a closer cooperation between the various ministries in price, quality and quantity control

policies." Nadifi finally concluded that: "It is only when a precise development model is formulated clearly defining the objectives to be attained in the short, middle and long term that the adequate tools [both technical and political] can be mobilized to formulate a price control policy that can be integrated in the social and economic development plans."

CSO: 4519/201

'MUSCAT RADIO' COMMENTS ON RELATIONS WITH PDRY

GF061706 Muscat Domestic Service in Arabic 1300 GMT 6 Jun 82

[*"In the Spotlight"* program by Mamduh Isma'il]

[Text] When asked about the efforts to mediate between the Sultanate of Oman and the PDRY, and whether there is a possibility to achieve a degree of political rapprochement between the two countries, his majesty Sultan Qabus said in an important and comprehensive interview in the 7 May issue of the magazine AL-MAJALLAH: The basic problem is connected with interference in the affairs of others. We reject this principle and we always say that any relationship between Oman and any other country, Arab or foreign, should be based on noninterference in the internal affairs of others, mutual respect and equality. His majesty added: There is no quarrel between us and our brothers--and I say our brothers, because the people of Aden are our brothers.

Thus Muscat has very clearly and simply announced, in the person of its leader, what Oman asks of the PDRY and what the Aden regime must relinquish. When it adopted the principle of noninterference in the affairs of others and adhered to the text and spirit of this principle, Muscat was aware that the supremacy and establishment of this principle will be one of the factors of security and stability, not only in our region, but also with regard to international relations in general.

As Oman adopts a realistic philosophy that is based on the analysis of events and their trends and draws lessons of history with regard to the most important issue that occupies world political thought--the security issue--logic says that he who adheres to the principle of good neighborliness and non-interference in the affairs of others seeks to consolidate stability and strengthen security. Thus, Oman has integrated its actions with its thoughts. It has responded to all attempts to end the dispute between Muscat and Aden because Oman places Gulf security at the top of its priorities. Oman responded positively to the first mediation attempt of the Arab League in 1974, while Aden then refused to receive the secretary general of the Arab League and the delegation accompanying him. Muscat responded positively to Kuwait's mediation efforts later, while Aden did not want a reconciliation. Similarly, Aden spurned a mediation attempt by fraternal Saudi Arabia in 1976.

The GCC was established and intensified its efforts in this regard. The GCC secretary was asked to reconcile Oman and the PDRY. The mediation of the brothers in Kuwait and the UAE followed. All these endeavors did not achieve any result. Shaykh Sabah al-Ahmad as-Sabah, Kuwaiti deputy prime minister and foreign minister, was surprised by the Aden regime's evasion and absence at the reconciliation meeting, and regretted the Aden decision and lauded Oman's stand. The gist of his statement was expressed earlier by [GCC secretary general] 'Abdallah Bishahrah when he tried to carry out the same mission. After all these attempts, everyone who has attempted this task and who followed the successive stands of the two sides has come to believe that Oman has contributed everything to its success while Aden placed one obstacle after another in the way of this mission.

The talks which fraternal countries held with Omani officials were frank and honest, while the other side failed to respond. Thus, a gap remained--a gap through which they could infiltrate tension so that with time this tension will become an insoluble and chronic problem in order to serve the interests and aims of forces which are undoubtedly pursuing a design to encircle the Gulf and the Arabian Peninsula as a prelude to invasion.

The pressing question now is: Until when will the mediation attempts continue? All signs and evidence indicate that there is no sign of their desire to live in peace or that they want stability and prosperity for the peoples and countries of the region. It appears that what they want is that the mediation attempts continue as a facade to deceive some people, and above all the PDRY people themselves, and more important to sap the political efforts of the GCC countries and divert their attention from basic issues. The GCC had made satisfactory steps toward finding suitable solutions to such issues as security and development. Perhaps also the purpose Aden seeks in the continuation of the mediation attempts is to divert the GCC's attention from its national responsibilities or to neutralize the GCC's role in the events that are taking place, foremost among which is its moderate and effective role in ending the Iraqi-Iranian conflict. The significant moves initiated by the GCC to revive Arab solidarity, whether by the visits made by GCC leaders or by intensive consultations, have begun to yield their fruit.

Oman's call for mutual respect within the GCC framework has met with a positive response. This principle now prevails in relations among the GCC's six member countries and regulates relations among area countries in the light of the serious efforts to maximize integration. This principle has become the real measure of the truthfulness of every state that claims to be working to provide guarantees for protecting the region's security against external threats. Where do the Aden rulers stand with regard to this principle? Where is their realism when they claim that they are working for the region's stability and security? Their policy is contrary to GCC policy and is the same policy they pursued prior to the GCC's establishment. Indeed, their military, political and economic ties with the same powers that have ambitions in the Gulf and the Arabian Peninsula is the

factor that continues to maintain the gap between the GCC and Aden in order to maintain tension in the region and escalate this tension by ways for which these powers are known. These powers are the only party that stands to benefit from the maintenance and escalation of this tension, and are known not only to the area countries and people but also to the entire Arab nation.

In view of the fact that the development of events requires an adjustment of policies, the GCC's establishment has compelled these powers that are lying in wait to adjust their conspiratorial plans so that these plans are directed against any Gulf move to achieve a unified strategy and aim to prevent the integration of a Gulf strategy with Arab strategy. Consequently, these hostile forces want to divest Gulf decisions--and hence Arab decisions--of their strength and positive influence so that [the GCC] will be too weak to confront threats and incapable of adapting to developments and directing them to serve higher Arab interests.

We do not think we are going too far in our analysis and conclusions. Everything we have said is based on clear facts. The threat is clear, and the ways of surmounting the threat are clear. This requires the GCC in the present stage to work indefatigably to achieve its aims of safeguarding security and an honorable living, and the Arab nation's aims of peace and unity.

The development and maturity of the Gulf experience, through the issues and decisions faced by the GCC, confirm that the GCC will definitely achieve its great aspirations. However, the GCC should not forget that there are some forces which do not want it to succeed, and should not neglect protecting itself against moves by these forces as it progresses in its march.

CSO: 4400/326

OMAN

REBEL RADIO ON REVOLUTION ANNIVERSARY

EA101646 Aden Voice of PFLO in Arabic 1545 GMT 9 Jun 82

[Text] Honorable and honest people among our Omani sons: Today is 9 June. Today is the anniversary of the outbreak of your victorious revolution, led by the Popular Front for the Liberation of Oman. Today is the true national day of the people of Oman since our heroic Omani people on this day made their decisive historic decision and began their valiant revolution against the English colonialists. Our people continue their glorious historic march toward a shining tomorrow, a tomorrow of true freedom and independence.

On this glorious day we extend greetings to all the masses of our Omani people with all their nationalist groups who backed the struggle of the Popular Front for the Liberation of Oman and made great sacrifices over the 17 years of their struggle for the victory of the revolution, for an independent Oman free of foreign bases.

We extend greetings to the mothers and fathers of the martyrs of the 9 June revolution who were martyred on the path of the revolution, who offered their most costly possession for the achievement of our people's freedom and our country's independence, progress and development.

We greet the fathers and mothers of political detainees undergoing physical and mental torture in the prisons of the agent Muscat regime and whose steadfastness sets an example embodying the strong militant spirit of our Omani masses. We greet the party, government and people of the PDRY. We extend greetings to the masses of our Arab nation, from the Atlantic Ocean to the Arabian Gulf. We greet all the brothers and friends who have stood beside our just and legitimate struggle.

We are keeping our pledge and will continue to make sacrifices with our people for the victory of the revolution and the independence and freedom of our people. No reactionary imperialist obstacle aimed at halting the revolution can stop the victory of its noble aims. We have full confidence in the future of our peoples' struggle, in the future of the Popular Front for the Liberation of Oman. We are fully prepared, now and in the future, to make all the necessary sacrifices with the support of our peoples' struggle and their direct participation in the struggle.

The 9 June celebrations of the anniversary of the outbreak of the revolution confirms the continuing struggle. During the past 17 years our people have made revolutionary sacrifices and have demonstrated their ability to continue with the revolution and seize their just rights.

We express our deep appreciation of our people's martyrs and record our loyalty to their souls and blood. We will continue to keep our pledge to pursue the fight until the aims of the 9 June glorious revolution triumph and Oman becomes free, independent and democratic. May our struggle see progress and further victories every year. The revolution will continue until the Omani homeland is free and united.

CSO: 4400/326

OMAN

BRIEFS

WORLD BANK LOAN--The Omani weekly newspaper AL-WATAN reports today that the World Bank for construction and building has agreed to grant Oman a \$15 million loan to finance the second program for the maintenance of main roads in Oman, which will cost \$48.1 million. The loan is to be paid back in 15 years with a grace period of 3 years and at an interest rate of 11.6 percent per annum. [GF081704 Doha QNA in Arabic 0830 GMT 8 Jun 82 GF]

CSO: 4400/326

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

SOMALI MINISTER'S VISIT--His royal highness Prince Nayif Ibn 'Abd al-'Aziz, interior minister of the Kingdom of Saudi Arabia, left Aden this morning after concluding his visit to Democratic Yemen. He stated that his talks were frank and useful and served the brotherly relations of the two countries and our Arab nation. Col Muhammad Abdullah al-Batani, candidate member of the central committee and interior minister, said in a statement to the Aden News Agency, that such visits will play a large role in overcoming any difficulties in relations and that the visit achieved its aim.  
[Excerpts] [EA092038 Aden Domestic Service in Arabic 1230 GMT 9 Jun 82]

CSO: 4400/326

SAUDI ARABIA

U.S. ATTITUDE CONTRADICTS DECLARED PRINCIPLE

PM081155 Jidda 'UKAZ in Arabic 4 Jun 82 p 3

[Unattributed article: "The U.S. Principle and the U.S. Attitude"]

[Text] On the eve of his departure for France on the first leg of his European tour, President Ronald Reagan declared that "the United States is opposed to the occupation of territory by force."

The phrase as such reflects a principle upheld by international law and respected by all the people of the world. Reagan said it in the course of his comment on the Falklands crisis. He was not only expressing a principle but also taking a stand.

There is a big difference between principle and attitude. If the United States rejects in principle the seizure of territory by force, then this should apply as much to Israel as Washington wants it to apply to Argentina in the Falklands.

If indeed this is the principle to which Washington has committed itself in all respects, then why is Washington allowing Israel to perpetuate its occupation and annexation of Arab territory by force? The United States has even gone so far as to veto any resolution imposing sanctions against Israel for annexing the Golan Heights and escalating its aggression against the Palestinian people in southern Lebanon and the occupied territory.

In contradiction of this principle, the United States is adamantly giving Israel its full economic and political backing.

The states of the region welcome any move or effort to promote a comprehensive, just and lasting peace in the Middle East. They welcome any settlement that takes into consideration the legitimate rights of the Palestinian people, especially their right to self-determination and their right to an independent state.

The U.S. refusal to hold any official talks with the PLO, which is the sole legitimate representative of the Palestinian people, unless the PLO recognizes Israel, means setting a condition that might be impossible to meet.

It is probably better for the United States to abide by principles which can form a good basis for a durable peace than just to make statements and then adopt attitudes contrary to the internationally accepted principles.

CSO: 4400/326

SAUDI ARABIA

SAUDI PAPER CONDEMNS U.S. SUPPORT FOR ISRAEL

GF091831 Jidda AL-MADINAH in Arabic 6 Jun 82 p 2

[Editorial: "Providing Aid for the Resistance"]

[Excerpt] The world is not capable of deterring Israel because the United States provides the zionist entity with protection, care and support to a point that this entity no longer needs anybody. Even the imposition of sanctions or boycotts will be ineffective. The United States rejects anything that weakens the evil aggressive nature of the Jewish entity, so long as "Israel" serves imperialism through weakening the Arab countries military and economically.

U.S. Secretary of State "General" Haig found a pretext. He told the U.S. citizens that the current Israeli aggression against Lebanon is justifiable. Haig said that the attempt on the life of the Israeli ambassador in London justifies Israel's aggression against southern Lebanon. Good Lord, what twisted and reckless logic is there in the view of Mr U.S. Secretary of State General Haig? Assuming that a U.S. citizen is assassinated in the Soviet Union for a certain reason, would this provide the United States the pretext to launch air raids against the Soviet Union? Nobody in this world agrees with Haig's rash and frivolous views. It would have been better if Haig had frankly said that his country's government grants unconditional support to Israel for he would have appeared more reasonable and answerable to the prerequisites of international zionism in his country.

What more can zionism ask for than a superpower which does not require Israel to answer for any of its criminal acts, such as the one being committed in the south of Lebanon?

The responsibility in the first place falls on the Arabs and Muslims whose weakness and disagreements have destined them to be disdained both militarily and spiritually.

However, we should not waste time on arguing about this responsibility and how to surmount our weakness. Instead we should attend to matters before it is too late.

The first thing we should attend to is giving sufficient support to the Palestinian resistance so that it will be able to confront the Israeli aggressions, because the Palestinian resistance has proved that it alone is shouldering the military pressure against it in Lebanon and outside.

CSO: 4400/326

AGRICULTURAL INVESTMENT INCREASING

Kuwait ARAB OIL in English No 5, May 82 p 16

[Text]

**S**

The marked increase of 265,000 tonnes in wheat output compared with last years production is the outcome of the kingdom's determined attempts to attain self-sufficiency in wheat. The government has formulated an effective plan to distribute a total of 2.08 billion dollars in loans and subsidies to the private agricultural sector.

Agriculture is still the primary occupation of the Kingdom, despite discovery of oil and the subsequent rapid developments in the country. Official statistics show a decline of agricultural employment for the current fiscal year by 96,000 people, although the statistics claimed the agricultural sector employed a quarter of the Kingdom's labor force.

Oil exploration initially revealed extensive fossil water aquifer reserves in sedimentary deposits of the Eastern Province, where no crops had earlier been grown.

#### Investigations

Expert investigations have confirmed the presence of sufficient reserves to support at least a century of sustained water, enough to irrigate as much as 250,000 hectares of land.

Extensive soil classifications have indicated an ever larger area of cultivable lands overlying these aquifers. Experts say, "its

these areas that will have the potential for producing much of the kingdom's foodgrains requirements in future.

H.H. Crown Prince Fahed Bin Abdul Aziz, the deputy Prime Minister, in a recent interview with a Kuwaiti Daily Siyassah, emphasised the Kingdom's keenness to develop agriculture through the adoption of sophisticated methods. He said, "Saudi Arabia now produces 400,000 tonnes of foodgrains as compared to the previous figure of 36,000 tonnes. It used to import earlier 600,000 tonnes."

The government is introducing latest agricultural techniques, offering Saudi farmers liberal loans and subsidies. A large number of Saudi Graduates have been attracted to the kingdom's plans of developing agriculture in the country.

It has been paying the Saudi farmers more than three times the world price for wheat. They also pick up between 35 to 50 per cent of the tab for machines, fertilisers, irrigation pump and seed supplies.

Another prominent feature of the Kingdom's green revolution is to provide Saudi farmers interest-free loans up to an amount of six million dollars. The infusion of private capital has helped in the development of many agricultural projects such as Harad, which started producing 2,000 tonnes of wheat in 1979 and doubled its production each succeeding year.

#### Sophistication

The Kingdom has replaced the previous underground system with the new sprinkler and used sophisticated methods for increasing the land under cultivation. "It has helped in dramatically reducing the number of workers," a senior official said in

Riyadh. The government has paid great attention to increase the production of wheat, potatoes and dates under a well-organised scheme of realising self-sufficiency in foodstuffs.

A construction program in the farm sector in the Third Development Plan includes establishments of 10 new directorates, 25 new branch offices, seven animal quarantine stations and 25 foodgrains depots.

The agricultural Ministry has implemented a program under which improved seed varieties have been distributed to Saudi farmers for raising the total yield of their farm lands.

CSO: 4400/319

EASTERN PROVINCE WATER, SEWERAGE PROJECTS DISCUSSED

Riyadh AL-RIYAD in Arabic 22 Apr 82 p 4

Article by Yahya Abu Raddas, Turki al-'Ayyar and Hamid al-Hamid: "Sum of 4,373,000,000 Riyals for Water and Sewage Projects in Eastern Province; Linking al-Dammam, al-Khubar and Dhahran to Common Water and Sewerage Lines, in Addition to Water Reservoir"]

Text The Water and Sewerage Department in the Eastern Province is one of the main agencies set up by the state to carry out water and sewerage projects, including the planning, blueprinting, management, operation and maintenance of such projects in all of the province's cities and villages. All of the agency's projects included in the budget of 1401-1402 of the Hegira have been submitted for bids and the construction of most of these projects has been completed. This is in addition to completion of a number of the long-range projects whose construction started in the previous fiscal years, such as the project to expand al-Dammam water, sewerage and water purification plants. The original costs of this project amounted to 922,328,016 riyals. With the addition of a complementary expansion, the total costs amounted to 1,106,793,619 riyals. This project was carried out with the aim of keeping up with the rapid construction growth in al-Dammam city. The total appropriations in other budgets currently under implementation and being technically, financially and administratively supervised by the department have amounted to 1,900,519,264 riyals.

The total appropriations for the expansion projects and the projects included in the department's budget have amounted to 2,473,035,949 riyals. This information has come within a lengthy interview with 'Abdallah al-Babutayn, the general director of the Water and Sewerage Department in the Eastern Province.

In al-Khubar, the water and sewerage expansion project, in addition to a purification plant, have been implemented at the original contract cost of 577 million riyals, plus increase rates added to this cost to keep up with the developments which emerged during implementation, thus bringing up the total cost to 698,619,342 riyals. The capacity of the water pumping plant in the implemented projects has amounted to 135,000 cubic meters daily. The length of the new pipeline network constructed in al-Khubar has amounted to 246,300 meters and the capacity of the reservoir has reached 15,000 cubic meters of potable water. The capacity of the sewage pumping plants, totaling two

plants, has also been raised. A new plant has also been built in the commercial area with a much higher capacity than the existing plants. The length of the new sewerage network has amounted to 139,210 meters. The pipelines are of adequate diameters and high quality.

A sewage treatment plant has also been built. It includes an inlet for fluids, three main aeration basins and three extra basins, three main sedimentation basins and four extra basins, two spiral elevation pumps and one extra pump, a sediment dehydration basin, a line for marine surplus sic, a management and control building and another for chlorination and for the chemical laboratory. The average capacity of the new plant in al-Khubar is 95,000 cubic meters daily, which is manyfold the capacity of the previously built plants.

#### Centralization of Dhahran Sewers

A new line has also been built to centralize the Dhahran sewers and to carry the sewage to al-'Aziziyah treatment plant. This has been done in addition to new expansion work in the treatment plant at a cost of 66 million riyals and to other work to expand the waterline network and the sewerage network at a cost of nearly 120 million riyals in order to keep up with the requirements which the department's engineering outfits deemed necessary to add to the project during implementation.

Experimental operation tests are being currently conducted in the two above-mentioned projects, with their enhanced capacity, now that their implementation has been completed. The tests are being conducted to train national cadres capable of managing, operating and maintaining the plants at high efficiency and to make sure that the citizens benefit quickly from the projects which were completed during the current fiscal year. The department's budget for fiscal 1401-1402 of the Hegira has included the appropriations necessary to implement two projects for home water and sewage connections in the two cities. The two projects have been awarded to two firms specialized in this kind of work at a cost of 96,790,300 riyals for al-Dammam and a cost of 99,750,636 riyals for the city of al-Khubar. Implementation has already started. Al-Khubar city project calls for the installation of 7,500 sewerage connections, in addition to the work to eliminate the city's cesspools--including the work to pump out, clear and refill the cesspools with earth--and 6,200 home water connections ranging in diameter from 20-75 millimeters, depending on the type of the building involved. The projects further call for the connections to include extension and installation of the piping necessary, plus the needed fittings, kneepieces, shutoffs, meters and water meter boxes of the type installed high on walls to overcome the problem of humidity in the area. The home connections project in al-Dammam calls for the installation of 6,700 sewerage connections and 6,700 water connections with all their requirements. Supervision of implementation of the two projects in al-Dammam and al-Khubar has been entrusted to a specialized consulting firm at a cost of 4,392,000 riyals so that it may train skilled national cadres in the department on the operation and maintenance of the projects when completed and to make sure that the projects are implemented correctly.

### Keeping up With New Areas

There is no doubt that this complete unit of projects to which we have referred will contribute very capably to solving the problems of citizens whose construction plans fall beyond the limits of the previously existing water and sewerage networks because of the extensive construction expansion and the rising population density in the area.

As a result of the comprehensive construction renaissance being undergone by the kingdom, the department has had to prepare and implement complementary plans and studies to keep up with the newly developed areas not included in the previous expansion plans. Consequently, all the studies and engineering blueprints for two projects have been completed and the projects have been awarded to bidders and are now under implementation. The ministerial committee concerned with following up implementation of the Eastern Province projects and the subcommittee emanating from it have had the greatest impact on implementing these two projects and on securing the financial appropriations necessary for them.

#### Al-Bandariyah and al-Hizam al-Akhdar

The first project seeks to build water and sewerage networks for al-Bandariyah and al-Hizam al-Akhdar areas in the city of al-Khubar. The project has been awarded to a specialized national firm at a total cost of 127 million riyals and is now under construction. The project area, called al-Bandariyah and al-Hizam al-Akhdar area, is located north of 28th Street and extends from the Arab Gulf in the east to al-Hadariyah Street west in northern al-Khubar, covering nearly 200 hectares. The project has been designed for an estimated population of 16,000 people and provides for the construction of a water network, a sewerage network, two sewage pumping plants and tension lines, in addition to home water and sewerage connections to complete the project. The total length of the water network being constructed amounts to nearly 37.5 kilometers of pipelines with diameters ranging from 75-400 millimeters. The total length of the sewerage network amounts to nearly 30 kilometers of pipelines with diameters ranging from 200-400 millimeters. This is in addition to the construction of two sewage pumping plants, one of them on Prince Hamud Street with a maximum capacity of 230 cubic meters per hour and the second on Prince Talal Street with a capacity of 330 cubic meters per hour. The project also provides for 2,000 home water connections and 2,000 sewerage connections. Supervision of the implementation of the project has been entrusted to a specialized consulting firm at a total cost of 3.63 million riyals so that the firm may enhance the training of the department's outfits.

#### Al-Jalawiyah and Western al-Dammam

The second project seeks to construct water and sewerage networks and rain-water drains in the area of al-Jalawiyah and Western al-Dammam. The project has been awarded to a specialized national firm at a total cost of 513,777,816 riyals.

This project's zone, amounting to nearly 1,000 hectares in area, is bordered by 28th Street of al-Dammam City to the east, by King Sa'ud Street to the north, and by the Dhahran-Ra's Tannurah road to the west. The zone consists of a low and flat plain, inclining slightly from the south to the north and with a height ranging from 1.8-11 meters above sea level. The blueprints for this project have been designed on the basis of an estimated population of 120,000 people. The project provides for the construction of a water network, a sewerage network and a rainwater drainage network, plus a main pumping plant and home water and sewerage connections to put the project into immediate use. The total length of this project's water network amounts to nearly 111 kilometers of pipelines with diameters ranging from 75-600 millimeters. A sewage pumping plant with a maximum capacity of 40 million gallons daily is being built. The total length of the rainwater drainage network amounts to 27 kilometers, plus a plant to pump rainwater into the Gulf. The project also provides for 5,000 home connections for each of the water and the sewerage, all highly efficient and of diameters suitable for the pressure to be exerted on them. The implementation of this vitally important project has already begun and its supervision has been entrusted to a specialized consulting firm at a cost of 13,731,000 riyals. The firm will supervise the project, in participation with the department's technical outfits and cadres, to follow up on implementation and to train national cadres capable of managing and operating the project upon its completion.

#### Linking Three Cities

Acting upon the goal of keeping up with the major construction development in the area and of completing the above [projects], preparations have been made for a new project that seeks to link the three cities of al-Dammam, Dhahran and al-Khubar with main water and sewerage lines, along with the entailed blueprints for a main overhead water reservoir, ground reservoirs and treatment units. The department had previously prepared preliminary studies for the project which seeks fundamentally to keep up with the integration between the three cities, considering that they have become a single population center. The project has been awarded to two specialized consulting firms to prepare the relevant studies, engineering blueprints and conditions and specifications. The contract of the first firm has amounted to 1,057,000 riyals and that of the second firm to 1.93 million riyals. There is no doubt that when completed, this project will contribute to dealing with the problem of water and sewerage in al-Dammam and will help to meet the needs of the growing construction and housing expansion in the city. The project will be implemented in stages in order to put it to perfect use.

#### Al-Hizam al-Dhahabi

It is worth noting that in addition to the above, a contract has been awarded for a new study on constructing water, sewerage and rainwater drainage networks in al-Hizam al-Dhahabi area in al-Khubar. The contract for this study has been awarded to a specialized consulting firm at a cost of 480,000 riyals. The study will contribute in a phased manner to solving some of the water and sewerage problems in this new area.

In affirmation of this goal in the other cities of the Eastern Province, the department, in coordination with the authorities concerned, has invited bids for two studies. The first concerns linking al-Qatif and its villages by a single water network with the aim of supplying clean water to al-Qatif and the villages within its jurisdiction as a single unit. The contract for this study has already been awarded to a specialized consulting firm. The department's technical outfits are supervising the preparation of this study.

Measures are currently under way to award a contract to another study on linking al-Ahsa' with the villages within its jurisdiction by a single water network with the aim of overcoming the problem of water shortage in the towns of al-Hafuf and al-Mubarraz and to supply sanitary water to all the villages of al-Ahsa' area as a single unit. There is no doubt that these two studies will contribute greatly to supplying all the needs of al-Qatif, al-Ahsa' and their villages on a well-studied sanitary and scientific basis that takes into consideration the expected population growth in the long range. This is in addition to the other projects being carried out by the department in these two areas to eliminate the recurrent problems. The department is also taking the measures to award a contract for construction of the second stage of al-Hafuf and al-Mubarraz sewerage networks in order to complement the first stage which has already been completed and to include the new areas not covered by the first stage. All the blueprints for this stage have been studied and developed in order to be compatible with the modern sanitary sewerage systems so that their implementation may begin in the next fiscal year, 1402-1403 of the Hegira. Specialized firms have been invited [to carry out the work].

The department has also completed all the projects approved in its budget for fiscal 1401-1402 of the Hegira in the following manner:

#### Nine Stages

The project for the maintenance and replacement of water and sewerage networks in the cities of al-Dammam and al-Khubar: This project has been implemented in several stages compatible with the practical requirement and in a manner guaranteeing exploitation of the project at the highest efficiency and capacity.

The first stage concerns replacement of some damaged main and subsidiary lines of the sewerage networks in the cities of al-Dammam and al-Khubar. This has been done at a cost of 8,821,800 riyals. A variety of flexible iron [sic], clay and fiberglass piping has been used for the replacement. The total length of the parts replaced in al-Dammam and al-Khubar has amounted to 22 kilometers. Moreover, new inspection chambers and manholes have been built and re-asphalting work carried out. This phase's work has also included the replacement of home connections to the main or subsidiary lines.

The second phase of the same project included the replacement of 15 kilometers of the existing networks at a total cost of 48 million riyals, plus an appropriation amounting to 20 percent of this sum for the replacement of other parts of the networks.

The third stage included the replacement of nearly 3 kilometers at a total cost of 5,797,897 riyals. The fourth stage covered the Workers Town in al-Dammam and included the replacement of 22 kilometers, in addition to home connections, at a total cost of 30,272,000 riyals. The fifth stage of the same project included the replacement of nearly 8 kilometers at a cost of 7,921,699 riyals. The sixth stage included the replacement of nearly 20 kilometers of piping at a cost of 40 million riyals. In the seventh stage of the project, the length of the piping scheduled to be replaced in the two cities will amount to 24 kilometers costing 49.2 million riyals. A contract for implementation of the eighth stage of the project, concerned with replacing the water network in al-Mutlaq quarter in al-Khubar, has been concluded for 1,289,600 riyals. The work on this stage will begin in days.

Al-Ahsa' area has also gotten a share of this project. A contract valued at 4,000,050 riyals has been awarded for the implementation of the ninth stage which calls for the replacement of the waterlines in the areas of al-Mahasin and al-Qadisiyah in al-Ahsa'. Work for the implementation of this stage has already started.

#### Water Reservoirs and Networks

The project for water wells, pumps, reservoirs and networks: This project has been implemented in stages, as follows:

First stage: The drilling of 12 artesian wells to a depth reaching the potable water level was completed, iron piping and a high-quality submerged pump were installed in each of the wells. The wells were drilled on the sites of plan [section] 71, plan 91, plan 77, plan 184 and plan 55. Also completed were the central reservoir in the city of al-Dammam, the reservoirs in al-'Aqrabiyah and al-Sharqi, the southern sewage treatment plant, the northern sewage treatment plant, the temporary reservoir, the Saudi Airlines Plan [section] and the plan for al-Mutlaq quarter in the city of al-Khubar. The total cost of the implementation of this stage amounted to 2,201,400 riyals.

The second stage of the project included the construction of six overhead concrete reservoirs, each with a capacity of 150 cubic meters and at an elevation of 26 meters, plus a height of 4 meters for the reservoir itself, thus bringing the total height to 30 meters. Each reservoir is built on a single column with a diameter of 2 meters and (has inflow and outflow) piping, with all the needed complements. The work sites in this stage included the Talal plan, al-Mazru'iyah plan, al-'Unud plan, the Petromin plan, al-'Aziziyah plan and plan 77 in the city of al-Dammam.

The third stage of this project included construction of all the service facilities for the drilled wells, including operation, management and purification rooms and fences in all the cities of the Eastern Province--al-Dammam, al-Khubar, Rahimah, Abqayq and al-Ahsa'--at a total cost of 22,499,689 riyals.

The fourth stage of the project included the construction of water networks in some areas and sections of al-Dammam, as follows:

The construction of water networks in al-Jalawiyah and Abu Rushayd plans [sections] of al-Dammam at a total cost of 2,880,340 riyals.

The construction of water networks in plans [sections] 8, 75, and 76 in al-Dammam at a total cost of 5,010,000 riyals.

The construction of water networks in plans 145, 162, 78 and 77 in al-Dammam at a total cost of 5,858,772 riyals.

The construction of water networks in plans 37 and 184 of al-Dammam at a total cost of 7,600,310 riyals.

The fifth stage of the project included supplying and installing modern high-quality chlorine injection equipment at the well sites at a cost of 8,802,059 riyals. This work has been completed. The total number of sites was 30 sites.

The project for the construction of water pipes and water connections in al-Ahsa', particularly for houses in the new sections of the towns of al-Hafuf and al-Mubarraz, at a total cost of 998,400 riyals.

The project for the maintenance and operation of the water network in the areas of al-Khalidiyah and al-Najah in al-Ahsa': The department agencies have prepared the engineering blueprints and specifications for the project which costs a total of 1,921,696 riyals.

The project for drilling six artesian wells in al-Ahsa' and for installing submerged pumps and piping to a depth of 70 meters in these wells and the projects to remove some installations in the well sites which have been taken over by the department: The total cost of the two projects, awarded to two national firms, will amount to 3 million riyals. There is no doubt that these two projects will contribute greatly and effectively to dealing with the water shortage problem in al-Hafuf and al-Mubarraz.

The two projects for drilling wells and building reservoirs with their complements in the cities of al-Dammam and al-Khubar: These two projects call for the construction of reservoirs with a capacity of 100 cubic meters each at the sites of the wells drilled beyond the limits of the water networks and in the areas not covered by the current expansion project, in addition to extending the water networks to some of these areas. These two projects have been completed at a total cost of 6.71 million riyals.

The two projects for the maintenance of the sewerage networks in al-Dammam and al-Khubar: These two projects have been completed. The work involved carrying out maintenance for some of the sewerage lines.

The total cost of these two projects has amounted to more than 9 million riyals.

The project for the construction of 19 rooms for generators at the sites of the new wells to supply the electricity needed for the pumps: The total cost of this project, which is nearly completed, has amounted to 415,000 riyals.

The two projects for the construction of wire fences at suitable heights around the purification basins in the cities of al-Dammam and al-Khubar to protect the basins, plus iron gates and supports, at a total length of 16,000 linear meters and a total cost for both projects amounting to 1,704,500 riyals.

The project to build workshops and warehouses in the cities of al-Dammam and al-Khubar: This project has been completed at a total cost of 6,927,000 riyals.

#### Water Purification

The project to treat sewage water before flushing it into the Gulf: This project is being implemented at two sites in al-Dammam and al-Khubar and calls for the construction of special reinforced concrete rooms for the chlorination equipment at the sewage water treatment and disposal points, for installing the latest equipment in this field, for building the necessary link between the flushing line and the sewers and for installing the pumps used to inject the chlorine gas into the water. This project is almost completed and its total costs have amounted to 9 million riyals.

The project to supply the chlorine gas and to operate the drinking water and sewer water treatment units in al-Dammam and al-Khubar and the town of al-Hafuf in al-Ahsa': The units cover the sites of the new wells beyond the [water] networks, the sewage water pumping plants and the purification units in the three cities. The project also calls for training national cadres capable of operating these units with high efficiency and for insuring an uninterrupted supply of the gas to the work sites to insure that the water is not polluted and to avoid the spread of contagious diseases that may cause harm to the public health. The total costs of this project awarded to a specialized national firm, has amounted to 9,686,200 riyals.

The project to study planting trees and greenery around the purification basins in al-Dammam and al-Khubar.

The program for the maintenance and operation of the water and sewage networks in the Eastern Province: This program includes several projects in a number of the Eastern Province cities. These projects have been awarded to specialized firms, which have already begun implementing them, with the aim of benefiting from the experience of these firms in training the skilled national cadres needed for these works and to develop their capabilities in operation and maintenance work. The total costs of this program in the cities of al-Dammam, al-Khubar, Rahimah and Abqayq has amounted to 130 million riyals.

The project to build a main headquarters for the department in al-Dammam and branch offices in Rahimah, al-Khubar and Abqayq.

## **Studies on New Projects**

The Eastern Province Water and Sewerage Department has always relied on preparing all the studies required for the actual and essential needs of the various areas. During the current fiscal year, the measures have been taken to invite bids for the following studies which will be awarded to bidders before the end of the current fiscal year with the aim of starting their implementation as soon as the necessary appropriations become available:

The project to prepare an initial study for certain parts of the Eastern Province.

A draft agreement to prepare the necessary studies for the projects which the department plans to implement in 1402-1403 of the Hegira.

The project to prepare the engineering studies for the home sewerage connections in the villages of al-Qatif area.

The project to study the afforestation of Jabal Abu Ghanimah and of the purification plant in al-Ahsa'.

The project to prepare the studies for the construction of water, sewerage and rainwater drainage networks in the town of al-'Aqir in al-Ahsa'.

## **Department Supervision**

Projects included in other budgets that are currently under implementation and that the department has been assigned to supervise technically, financially and administratively:

1. The project to dispose of sewage and to drain the marshes in the villages of al-Qatif area:

This project had been previously included in the budget of the Ministry of Municipal and Rural Affairs and had been awarded to a specialized firm at a cost of 577,310,912 riyals with the aim of implementing a complete project to dispose of sewage and to drain the marshes in the villages of al-Qatif area.

2. The water and sewerage project in the town of Safwa:

This project had been previously included in the budget of the Ministry of Municipal and Rural Affairs and had been awarded to a specialized firm at a cost of 177,814 riyals with the aim of implementing a complete project for water, sewerage and rainwater drainage networks in the town of Safwa.

3. The project to dispose of sewage and marsh water in the villages of al-Ahsa' area:

This project has been previously included in the budget of the Ministry of Municipal and Social Affairs and had been awarded to a specialized firm to implement it. The total costs of the project amounted to 478,341,544 riyals.

SAUDI ARABIA

BRIEFS

ZINC EXPLORATION--Saudi Arabia's General Petroleum and Mineral Organisation (Petromin) has signed a contract with Shell for the exploration of zinc deposits in the Umm al-Shalaheeb area, 200 kilometres southwest of Riyadh, the OPEC news agency reported last week. The OPECNA report also indicated that zinc and copper had been found in the Khanaygiyyat al-Amar region and that tungsten had been discovered at Bayd al-Jimalah, 180 kilometres southwest of Duryadah. Phosphoric sediments have been discovered in the Sirhan Turayf basin, while what the report described as "an extensive layer" of bauxite has been found at al-Zabirah, 450 kilometres northwest of Riyadh. A British Steel Corporation study has revealed that some 300 million tonnes of 42 per cent iron ore could be mined in Wadi Sawawin, the report said. It added that there were indications of uranium deposits in the northwest Hejaz-Madyan region.

[Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 21, 24 May 82 p 7]

MALTA GETS DESALINATION LOAN--Malta and Saudi Arabia last week signed a \$12 million agreement to help finance construction of two water desalination plants with a combined capacity of 11 million gallons of water per day. Contracts for the reverse osmosis plants have been awarded to Polymetrics of San Jose, California. The total cost of the two plants is put at \$22 million. According to a Saudi Arabian official, the Saudi Fund has committed almost \$51 million for projects in Malta. Loans which have been approved are for port facilities, ship-building projects and communications, the official stated. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 21, 24 May 82 p 7]

HOUSING CONTRACT, SOUTH KOREA--Saudi Arabia has awarded a \$250 million contract to South Korea's Samwhan Corporation to build family accommodation and other facilities at the King Khaled Military City, the Jeddah-based Saudi Gazette reported last week. The company already has over \$800 million worth of contracts in the city, sited 350 kilometres north of Riyadh. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 22, 31 May 82 p 4]

CRUDE OIL TO INDIA--India has contracted to purchase 5 million metric tons of crude oil from Saudi Arabia over the next 30 months, or about 40,000 b/d, according to Saudi press reports last week. Under the terms of the deal, which was discussed during Indian Prime Minister Indira Gandhi's recent visit to Riyadh, the Saudi state-run oil company Petromin will supply the oil direct to the Indian government at official prices. India has had to diversify its oil supplies rapidly as a result of disruptions caused by the Iran-Iraq war.

Recent contracts to cover supplies this year include one with the US company Exxon for 1.4 million tonnes of Saudi oil and one with the Soviet Union for 2.5 million tonnes. These are in addition to earlier contracts agreed with Iraq for 3.5 million tonnes, the UAE for 1 million tonnes and Iran for 3.3 million tonnes. It was not clear from the report to what extent the contracts with Iran and Iraq are being fulfilled at present. [Text] [Paris AN-NAHAR ARAB REPORT & MEMO in English No 22, 31 May 82 p 8]

CSO: 4400/313

COUNTRY SAID TO BE FACING POLITICAL CRISIS

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 253, 8-14 Mar 82 pp 23-24

[Article by Wadi' al-Halu: "Collapse is Forbidden! The Battle is Long and the Arab Atmosphere Stifling; But, Don't Cut Mu'awiyah's Hair"]

[Text] An informed source in Damascus says that Syria is now like a man fighting more than one enemy, while more than one hits him on the head. The situation that Syria is now in is unenviable. It is surrounded on all sides by a wall of hostility that grows worse day after day. Civil strife has spread domestically, at the same time that Damascus searches for Arab "support," but it cannot find anyone to stand beside it. The Hamah incidents have wounded Syria deeply, and if the security authorities had not rushed to suppress them, they would have almost turned into another vicious civil war, worse than the Lebanese war, because everything was in readiness for such a war. Money, various kinds of arms, medical equipment, and personnel with their assigned tasks were all ready to be put into action from Hamah to all the other Syrian provinces. However, the speed with which the authorities cut off the insurrection prevented its spread. It had been decided that the plot, as discussed by the Syrian authorities, would spread to more than one city in Syria, and also that it would break out simultaneously in more than one place.

As for now, discussion of the Hamah incidents has become a thing of the past. It has ended through the government's zeal to cauterize the wound, in order to prevent it from spreading. Therefore, officials in Damascus consider that what happened in Hamah will not be repeated. That does not mean that the wave of explosions will end. No, on the contrary, the reverse of that is expected. The wave of explosions will continue, because it is difficult for the Muslim Brotherhood groups to carry out widespread activities, such as what they began in Hamah and what they were preparing to do in other Syrian cities. A war on the Lebanese model in Syria has not come to pass. It is unlikely to be successful in the future, since the Syrian authorities were successful in encircling and suppressing it. The Syrian words about the possibility of the explosions continuing, which mostly bear the stamp of individual actions, only spring from the expectation that pressure against Syria will continue, in order to force it to change its position and its insistence on considering the clash with Israel as heading the list of priorities.

According to a Syrian official, what is wanted of Syria is for it to prostrate itself and surrender to the Israeli will. There are those in Damascus who do not distinguish between the American and Israeli positions, since the United States supports the Israeli plan to fragment the area into sectarian mini-states.

This statement on this level is not devoid of provocation. There are those who add that that statement about the dimensions of the plot aimed at the region gives one the shudders. The Arab states, according to an informed source, are facing one of two possibilities: either what the source calls stagnating fighting, currently going on in Lebanon, and which could occur in other states, or the establishment of sectarian mini-states on the rubble and debris of existing entities. The second possibility assumes the intensification of the American-Soviet conflict and each super power attracting one or another of the sectarian mini-states into its orbit, along with the consequences of establishing one or more states for the deeply-rooted minorities. The source says that Syria is the only one that can face the two possibilities. It can do that, because of its strength, and on behalf of the other Arab states, according to the statement of the Syrian foreign minister at the Fez conference. At the recent Arab summit, which was not formally held, and which continues to be held "on the spot" since last November, since the Arab arena is seeing an intensification of peripheral disputes, at this conference Minister 'Abd al-Halim Khaddam said that Syria would fight on the Arabs' behalf. According to a Syrian official, Syria is now fighting alone, since the majority of Arab states apparently want to put the Arab-Israeli dispute aside.

#### The Fact of Reality

The feeling of officials in Damascus that Syria stands alone in facing Israel on the one hand, and in facing the plot to blow up the internal situation on the other, is a fact of reality, which does not change the reality of statements and communiqus. Officials in Damascus also consider that the plot to blow up Lebanon and Syria is aimed at making the Syrian decision submissive. Those Syrian officials also look at the economic pressure that has begun to appear, such as the Kuwaiti Parliament's decision to stop financing the Arab deterrent forces, as an indicator of the possibility that Arab financial support to Syria will cease. The purpose in both cases is to make the Syrian decision submissive. This is not the first time that this has happened, and it will not be the last time that Damascus says that it is impossible for anyone to grab Syria by the ears and force it to stand where they want. Syria has reiterated many times that it will not prostrate itself and will not capitulate. As the Syrian official says: "Everyone should know that Syria will not be taken by force and will only accept a just and lasting peace."

The official adds that in everything proposed recently, there has only been complete capitulation to the American-Israeli will. Official Syrian circles are preparing for the possibility of the cut-off of Arab assistance, which for the most part is given to supply the Syrian Army with arms and ammunition, while the rest of the aid is to encourage growth. That means that these projects will run into difficulties, and their implementation will be delayed.

Nevertheless, despite the current anxiety over Syrian-Arab relations, there is Syrian insistence on downplaying the negative aspects and talking up the positive, so that the deterioration does not worsen, and to "maintain Mu'awiyah's hair," which Syria is stressing to a maximum extent. "Arab solidarity" is at a zero point. Note that relations between Damascus and both Baghdad and Amman are considerably below zero, or rather, are at the boiling point, and it would not take much for them to blow up. Therefore, Damascus is showing great concern for positive talk about relations with the other Arabs, so that relations with them do not get any worse. Syria's feeling of encirclement, according to one official, has not and will not lead to its blindly lashing out. According to him, the stage through which Syria and the Arab region are passing, does not tolerate reactions, especially since sympathetic reactions are required to help the plot go on more easily. Syria is doing everything to keep the plot's damage to a minimum. The time for victories has not yet come, because facing reality with a minimum of damage is the policy currently being followed, and that most likely will continue in the near future. The current situation for Syria and the Arab region makes this policy the only possible one.

However, the only thing that lessens Syria's feeling of Arab isolation is the firm relations that Syria is establishing with the Socialist states, led by the Soviet Union. In a letter that the Soviet leadership sent to the Syrian leadership, Moscow pledged to give all the various kinds of assistance that Syria required and that the Soviet Union would not stand idly by in the event of any attack against the Syria forces.

On the other hand, the Ba'th Party leadership's meetings with the leadership of "Fatah" continue in a positive and encouraging atmosphere, according to an official in Damascus. The Palestinian-Syrian discussions, which began with a review of points of view regarding the current Arab reality and the reality of relations between the two sides, have demonstrated a complete agreement that could lead to the issuance of a policy statement setting the parameters of the current stage, and the principles for meeting it on the basis of a strategic alliance. It is expected that the Arab Socialist Ba'th Party will pursue a dialogue with the other Palestinian organizations, in order to reach a common Syrian-Palestinian denominator. At the same time, a similar dialogue will be on-going with the Lebanese National Movement.

The question that has surfaced is, will these dialogues remain tactical or will they become strategic?

An official Syrian source says that they are strategic and are a cause for optimism about the possibility of solving the problems with respect to relations between Fatah and the Syrians. Moreover, Fatah's dialogue with the Ba'th Party leadership is of itself especially important.

After all this, how can the current Syrian situation be described?

There is no doubt that the Syrian authorities, who succeeded in choking off the Hamah incidents, gained a victory and the strength that will help them to face the next stage. According to one Syrian official, that stage will be more vicious and cruel than the previous one. In any event, the source says that what is wanted is Syria's head, but Syria will not surrender its head. The battle has begun, in any event, and after the attack has reached the level of viciousness, there must be a victor and a vanquished. The job of selecting the colors has begun; the two colors, white and black, are definite and clear. The struggle between the two has opened, and it may not end soon.

SYRIA

SYRIA COUNTING ON 'WAR OF ATTRITION' IN LEBANON

NC101621 Paris AFP in English 1558 GMT 10 Jun 82

[Text] Damascus, 10 Jun (AFP)--The Syrian military considers that it has the Lebanese situation under control and counts on beating the Israelis in a war of attrition, informed sources said here today.

They said that Syria wants neither a limitation of the war nor a ceasefire that would consolidate Israeli gains. The view is that Israel's mass buildup to achieve its blitzkrieg and the stretching of Israeli lines of communications through the rapid advance along the coastline will exhaust the Israeli army if the situation should be prolonged.

Syria is wagering on two factors: On the one hand, the underground but highly effective action of the Palestinian resistance, and on the other, its own potential in men and weapons, particularly an increase in foreign aid that might even include an airlift from such allies as Libya and the Soviet Union.

According to reports reaching the Syrian leadership from behind the Israeli lines, the Palestinians have formed pickets of resistance almost everywhere in South Lebanon, including Tyre, Saida (Sidon), and An-Nabatiyah.

Mopping up these pockets is reported to be already posing serious problems for the Israeli army.

In addition, thousands of Palestinian volunteers from numerous Arab countries and Europe have already, in the past few days, passed through Syria into Lebanon and joined Palestine Liberation Organisation (PLO) positions by the Syrian lines.

The Syrian army, meanwhile, has mobilised a number of classes of reservists and has both Western and Soviet arms. Satisfaction is being expressed here over the successes of French Gazelle combat helicopters whose anti-tank missiles are reported to have destroyed about 40 Israeli tanks in south Al-Biqa'.

The situation is critical for the Syrian forces on the coast and to the west of the Lebanese mountains, because of communications difficulties,

but the Syrians have for the moment prevented any deep Israeli thrust in the Al-Biqa', where despite air attacks their troops and armor control the terrain.

Finally, Syria is not afraid of the war spilling over on to the Golan, as Syrian territory is protected by the "Soviet umbrella" under the treaty of friendship and cooperation. If Israel goes in there, or continues its incursions on the Syrian-Lebanese frontier, it will have to bear the responsibility for an international conflict, according to the view here.

CSO: 4400/327

SYRIA

DAMASCUS REPORTS SYRIAN-CYPRIOT JOINT STATEMENT

JN042035 Damascus Domestic Service in Arabic 1615 GMT 4 Jun 82

[Text] A joint statement was issued today following the visit to Syria by the Cypriot Democratic Party delegation led by Alex Galanos, executive committee member and chairman of the foreign relations committee in the party, and the talks held between the delegation and the Ba'th party delegation.

The delegation was received by President Hafiz al-Asad, secretary general of the party, and greetings were conveyed to the president from Cyprus President Kiprianou who is the leader of the Democratic Party. The delegation also met with Comrade 'Abdallah al-Ahmar, assistant secretary general of the Ba'th Party, and Comrade Mahmud az-Zu'bi, speaker of the Syrian Peoples Assembly. The delegation visited the Foreign Ministry, the Revolutionary Youth Federation and the Federation of Syrian Women. It also visited the liberated city of al-Qunaytirah and saw the intentional and savage destruction of the city at the hands of the Israeli forces. The delegation also visited a number of historical sites and learned about the Syrian economic achievements.

The Cypriot party delegation held talks with the Ba'th party delegation headed by Comrade Fawwaz Sayyagh, Ba'th party national command candidate member and chief of the press and publication bureau. The two delegations reviewed international issues of joint interest and gave special consideration to the explosive situation in the Middle East. They agreed that this situation has resulted from the continued Israeli aggressive and expansionist policy and the attempts to impose the capitulatory schemes on the Arab nation. The two sides condemned the zionist and imperialist designs and plots and Israel's continuous aggression against the Arab people and their liberation movement, particularly the separate deals represented in the Camp David agreements and their consequences. The two sides asserted that a just and comprehensive solution to the Middle East crisis can be achieved only through Israel's complete withdrawal from all the occupied Arab territories including Arab Jerusalem and the realization of the Palestinian people's right to determine their fate and establish their national and independent state on their own soil under the leadership of the PLO which is the sole legitimate representative of the Palestinian people.

The two sides condemned Israel's terrorist measures against the Arab people in the occupied Arab territories and its illegal measures such as the decision to annex the Syrian Arab Golan Heights. The two sides praised the steadfastness of the Arab people in the occupied Arab territories, their rejection of occupation and their resistance to the attempts to perpetuate this occupation. They particularly hailed the brave stand of the people of the Golan territory, their rejection of the annexation decision and their defiance of the pressures brought to bear on them by Israel. The two delegations condemned the continued Israeli aggressive policy against the Palestinian and Lebanese peoples, and its blatant interference in the internal affairs of Lebanon and prevention of national reconciliation among the Lebanese people. They affirmed their support for the struggle of the progressive nationalist forces which fight for the Arabism, independence and unity of Lebanon.

The two sides discussed the situation in Cyprus and the stages of the Cyprus problem. They expressed their regret that the Cyprus problem has not been solved through the UN resolutions in this regard. The two sides stressed that the Cyprus problem is an internal issue and that its solution can be realized through negotiations between the Greek and Turkish communities under UN auspices and on the principles laid out in the Makarios-Denkltash and Kiprianou-Denkltash agreements. This solution is based on the degree of understanding and mutual confidence between the two communities so as to implement these principles and preserve equality and justice among all the citizens of Cyprus within a unified state. The two sides reiterated that the crux of the Cyprus issue is the invasion and occupation of a part of Cyprus. They agreed to support the proposal on holding an international conference on Cyprus within the UN framework.

The two delegations affirmed their parties' commitment to the policy and principles of the nonaligned movement.

Reviewing the deteriorating international situation, the two sides condemned the imperialist attempts to escalate the arms race and increase international tension. They also condemned the flagrant imperialist interference in the affairs of other states and peoples. The two delegations affirmed their two parties' support for people's struggle in Asia, Africa and Latin America against imperialism and in support of national independence and social progress.

The two delegations expressed their satisfaction with the relations between the two parties and voiced their desire to promote and develop these relations with the aim of strengthening the relations of friendship and cooperation between the two peoples and supporting their independence. In order to embody all these political expressions, an agreement between the two parties was signed. The agreement concerns joint cooperation for the years 1982 and 1983.

The Cypriot Democratic party delegation invited a Ba'th party delegation to visit Cyprus. The invitation was gladly accepted and the date of the visit will be fixed later.

CSO: 4400/327

SYRIAN MINISTER QADDUR DISCUSSES INDUSTRIAL SECTOR

Paris AL-MUSTAQBAL in Arabic No 268, 10 Apr 82 pp 44-45

[Interview with the Syrian Minister of Industry Mahmud Qaddur by Yasir 'Abd Rabbu in Damascus: "The Private Sector Has Full Freedom Both in Production and Competition"; date not specified]

[Text] Industry in Syria has a long history. Syria was a pioneer in industry when industrial backwardness encompassed the globe. Some Syrian industries such as glass, marble, and silk, found their way to European countries and America. Such industries assumed names that are still used until today. The Bardikar of Aleppo, made of silk and embroidered with gold, is still a pinnacle of handicraft industries in the world. The Damask (related to Damascus) was copied by European and Japanese factories and is displayed today in world markets under its original name, Damask.

The Syrian merchant in general, and the Damascene in particular, is a persistent merchant. His demands start and never end. This is a terrifying truth if we know that the Syrian has the psychology of a merchant even if he is a government employee, a company worker, a student in the philosophy department in the University of Damascus.

The Syrian fondness for trade starts in his early days. The Syrian child goes to school in winter and in summer he works in trade. He buys some goods from the wholesale merchant and retails them, thereby making some pounds in profit, of which he is proud.

The Syrian mother would feel sorry for her son if she found that he had no interest in trade. And the Syrian father rarely marries his daughter to someone who is not involved in trade.

The Syrian merchants carried Nasir and his car in appreciation of the unity between Egypt and Syria in 1958. But when Nasir issued the famous socialist decrees of July 1961, which affected the Syrian trade, the Damascene merchants were dismayed. Two months later they celebrated the secession.

Today, and in spite of the apparent economic prosperity which the Syrian citizen enjoys, the Syrian merchant is still somewhat critical of the regime in Damascus. AL-MUSTAQBAL carried such criticism to Mr Mahmud Qaddur, the

Syrian minister of industry, who showed astonishing willingness to listen and to respond to all of these criticism.

AL-MUSTAQBAL: There is criticism to the effect that the socialist decrees implemented in Syria, including those of nationalization, caused the regression of the Syrian industry which consequently caused a great loss in the Syrian economy. This criticism suggests that private industrial companies provide the motivation required for progress (development). After nationalization companies were managed by a group of employees who had no motivation. This resulted in losses instead of profit, and in more consumption than production.

Minister Qaddur: This is a familiar criticism, but it is far from being realistic, and does not serve the interest of the public, that is the interest of Syria and the Syrian citizen. If I say that, I should provide facts and figures to see how absurd such a criticism is. The largest among the companies we nationalized was the Khumasiyya company. Its capital in 1965 was 15 million Syrian pounds. Lets assume that there are 20 similar companies in the country, which means total capital of all these companies is 300 million Syrian pounds. Most of these companies borrowed the equivalent of this from Syrian banks. The profit these companies made used to be deposited outside the country. These private companies did not work for, or utilize their profit in development. When nationalization took place in Syria, we found out that the nationalized companies did not have any financial liquidity. What I want to say, and in figures too, is that the Khumasiyya company itself has a capital that now amounts to 180 million Syrian pounds after it had expanded and developed. The total capital of the industrial companies in the country is now in billions. Before nationalization private companies restricted their function to light industries and weaving and spinning. Now we have a fertilizer complex in Homs. This complex produces three types of fertilizers worth 3 billion Syrian pounds. Before establishing this industry in Syria we used to import it. Now we are self-sufficient, and by the end of this year, we will start exporting.

There is an essential and human point, Minister Qaddur added, which is that the Syrian worker enjoys welfare after being miserable. Most of his rights used to be stolen by the owner of the factory. With regard to motivation, I would like to remind you of one important fact. The resolutions of our party were, and still are, calling on the national capital to come back to Syria and to invest in the private sector. After the first campaign of nationalization, we have not undertaken any further nationalization. This clearly proves that the party is interested in developing the motivation in the individual, if the individual believes success can be achieved through private industrial work.

AL-MUSTAQBAL: Let's go back to the companies of the public sector which are said to be losing.

Minister Qaddur (Interrupting): We have companies that make profit, others that don't, and companies that lose. This happens in all the countries of the world.

AL-MUSTAQBAL: How does the loss occur?

Minister Qaddur: This is a good question. Because we belong to a mass party we are forced to provide the public with good commodities at a price less than the cost of manufacturing. This arrangement urged some merchants, who have no conscience, to smuggle their commodities in large quantities to neighboring countries. Add to this the fact that we, in Syria, manufacture 190 types of medicine which are available in the market for a price that is less than the cost of manufacturing. From here comes the loss.

AL-MUSTAQBAL: In spite of the credibility of what you say, the Syrian merchant who works in industry is still complaining about regulations that restrict his free industry.

Minister Qaddur: I wish you could go and visit the Syrian banks now. They put all their capabilities at the disposal of the citizen in order to develop his work, no matter what the type of work is. The currently enacted regulations provide the private sector with full freedom, so why is there complaint? Can you believe that the private sector is matching the private sector in many commodities, and we are content with this? The sectors that produce utensils, weaving, carpeting, beverages and other goods are mostly private. The complaint then arises from greed. Unfortunately there are some citizens who put their personal interest ahead of the country's and the public's interest.

AL-MUSTAQBAL: Did the Syrian industry reach a point of self-sufficiency?

Minister Qaddur: We work for self-sufficiency. We can survive if an economic boycott is imposed on us. But full self-sufficiency requires time. Therefore we have been, for a time, working on preparing industrial cadres. After a few years we will not need foreign expertise. In Syria today, there are technical institutions for industry. Universities annually graduate hundreds of industrial engineers. There are also intermediate institutions which train students who complete their high school education. We are aware of the cadres we need and we are doing what is necessary for that.

AL-MUSTAQBAL: Do you think that the Syrian industry has reached a satisfactory level?

Minister Qaddur: I did not say that our industry attained a level of perfection. But I say that there are mistakes we have continuously learned, and are learning, from them. We applied certain standards to the Syrian goods that are exported abroad, especially quality goods. No goods are exported until they meet such standards, so the reputation of Syrian industry remains unharmed.

AL-MUSTAQBAL: How do you explain the high quality of Western industry in comparison with the low quality of East European countries which, albeit cheaper, seem to enjoy no demand in world markets?

Minister Qaddur: I personally went to most of the Western countries you are talking about. I saw a lot of poverty, especially in France and England.

It is true that the citizen there looks rich, but in reality he is poor. I don't see what you said about Western industry vis a vis East European industry to be true. In Syria, there is no poverty in spite of the war of steadfastness against Israel, high expenditure on the army, education, health, construction services, and others.

9945  
CSO: 4404/427

TUNISIA

RESULTS OF MZALI'S VISIT TO WASHINGTON EXAMINED

Paris AL-MUSTAQBAL in Arabic No 272, 8 May 82 p 30

[Article by Muhammad al-Rifrafi, AL-MUSTAQBAL's correspondent in Tunisia:  
"The Dispute Between the Government and the Opposition Is Growing"]

[Text] The results of the Tunisian prime minister's visit to Washington, and the military contracts which he signed there, have alarmed political opposition groups in Tunisia as well as Arab groups which fear that the United States will once again dominate North Africa.

Mohamed Mzali was the first Arab official to meet with the U.S. government after Israel withdrew from Sinai. This occurred during a visit by the Tunisian prime minister to the United States last week, after being invited by President Reagan. Concerning this visit, which has caused a media war between the opposition and official press in Tunisia, official sources of information have said: "The visit served to provide a new impetus to Tunisian diplomacy." They said that the visit was not of a special ad hoc nature, in spite of the fact that it took place at a time when tension in international relations was escalating, as evidenced by the explosive situation in the occupied Arab territories and in south Lebanon, and by the Falkland Islands crisis. This official assurance that Mzali's visit was not of an ad hoc nature came as a response to the position taken by opposition groups in Tunisia with regard to the timing and significance of this visit.

The U.S. veto in the Security Council of the proposed censure of the attack on the Aqsa Mosque was one of the main motives for the Movement of Social Democrats, the Movement of Popular Unity, and the Communist Party taking a united position in condemnation of Mzali's visit to the White House. Groups belonging to the National Arab Rally Movement also expressed their condemnation of this visit which "shows approval of U.S. policy against the Arabs."

Although Mzali's government considers that this visit had "the objective of strengthening the ties of friendship between Tunisia and the United States as well as expanding the realm of cooperation between the two nations," and that it "confirms Tunisia's desire to establish relations based on mutual respect with the various countries of the world, regardless of their geographical and political position," the Movement of Social Democrats considers the visit to be an attempt to "bring Tunisia into the game played by the

superpowers" and to make Tunisia "a link in the chain of strategic alliances of the moderate nations in the area"--a thing which would put Tunisia "in a position of confrontation with some of its fellow-Arab countries."

Perhaps the thing which has induced the Movement to draw this conclusion is the fact that Tunisia and the United States have reached an agreement concerning financing the purchase of military hardware worth an estimated \$85 million. Some informed circles in Tunisia have stated that the agreement involves the purchase of 12 F-5 airplanes and 45 M-60 tanks. They also say that Tunisia, in the future, will proceed to buy other weapons from the United States, including 6 helicopters, 60 troop transport trucks, Hercules S-130 transport planes, and (TU) anti-tank rocket launchers.

As for the field of economic aid, these circles have stated that Washington will be granting \$16 million to Mzali's government as assistance for the purpose of financing the six-year plan. Although Mzali, in his meeting with the Foreign Affairs Committee of the U.S. Congress, stated that he welcomed U.S. economic aid for his government's plans which have the objective of providing 60,000 [new] jobs per year, he did not forget to refer to the importance of the purchase of advanced weapons. In this context, he said: "Some events have made us aware of a certain fact. This fact is that we are in great need of an advanced army which is equipped with a minimum of materiel in order to ward off any aggressor." In order to avoid any [false] interpretations in this regard, Mzali added, when speaking to the members of the Congress: "We have absolutely no intention of supplying our army with materiel which exceeds its needs and would make Tunisia into a military nation. This is because our policy is not one of provocation. Our army is oriented toward serving the needs of development. It undertakes tasks such as paving roads, building housing, and warding off the encroachment of the desert."

However, this explanation did not prevent the opposition press in Tunisia from considering the arms deal and financial aid from the United States to be merely compliance with current U.S. plans to make the Mediterranean region part of the U.S.'s strategic area which would open up the way to the Middle East. In spite of socialist France's attempt to pull the North African rug out from under those in charge of the White House, the fact that Tunisian-French relations became cool after [Prime Minister] Mauroy's visit to Tunisia, as well as the establishment of U.S. bases in Morocco (see the last issue of AL-MUSTAQBAL), have impelled observers to believe that military support for the moderate nations of North Africa can be primarily provided only by the United States and that this is in harmony with what is required in connection with the balance of forces in the area and the necessity of relying on U.S.-made weapons which, in the opinion of military experts, are the only ones which can oppose advanced Soviet-made weapons such as the SAM-6 missiles which have been used in some of the battles in Western Sahara.

On the basis of this, the Tunisian Communist Party, via its secretary general who is its spokesman, expressed its apprehensions concerning the results of the talks between the U.S. administration and the Tunisian prime minister who was accompanied by his minister of defense, especially with regard to military and strategic matters. It is this party's view that "the United States

still threatens the integrity of Arab nations such as Libya, is attempting to sow disunity in Arab ranks, and is trying to expand its network of moderate Arab nations." Also, military cooperation between Tunisia and the United States will certainly arouse apprehensions in Libya, especially after the escalation of the dispute, a few weeks ago, between Libya and the Reagan administration.

In order to mollify the Libyan authorities, while Mzali was away in Washington, the Tunisian president sent his minister of foreign affairs to the Libyan capital to reaffirm, by means of a handwritten note, his desire to strengthen fraternal ties between the two countries and to achieve economic integration between them. These same desires were expressed by Mzali in Washington, when he was talking to the press.

Concerning issues in the Middle East, the Tunisian prime minister told the U.S. administration that he adheres to "the broad outlines of Prince Fahd's plan." He said that it "could provide a solution to the Palestine problem and could represent a basis for discussion after being ratified by an Arab summit meeting." Concerning the Israeli withdrawal from Sinai, Mzali said that he considered this to be "an important step," but that his view is that the Palestine question remains "the basic core of the conflict."

It should be pointed out that there have been some indirect reactions in the streets of Tunisia to Mzali's visit to the United States. They have been particularly embodied in the popular demonstration which took place in the city of Safaqis (the second-largest city in Tunisia after Tunis). This demonstration was basically one of support for the Palestinian uprising in the occupied territories. As it happened, this demonstration coincided with the day that Mzali arrived in Washington (24 April). It was also the day chosen to be the International Day of Youth Against Imperialism. This demonstration, in which nearly 6,000 persons took part, resulted in clashes with the police. There were dozens of wounded on both sides, and a number of demonstrators were arrested. According to what was reported by one of the opposition newspapers in Tunisia, those in the demonstration principally chanted unity slogans, the focus of which was the liberation of Palestine.

9468  
CSO: 4504/304

STUDENT UNREST AT COLLEGE OF ARTS EXAMINED

Tunis AL-RA'Y in Arabic 21 May 82 p 2

[Text] The decision to close the College of Arts for an indefinite period of time was made last Tuesday. On the morning of the same day a number of incidents took place which have come to our attention. We do not yet know the extent of their gravity. It is these incidents which might have led to the aforementioned decision [to close the college].

Likewise, serious incidents took place in Manouba on Monday in which some of the (leftist) student groups carried out actions demanding the lifting of the restrictions imposed on the students since the bloody incidents which the college witnessed last March.

In the face of these actions, the college administration allowed the security forces (Public Order Brigade) stationed in front of the college to intervene to stop these actions. The security forces actually did intervene and dispersed the students and expelled them from the college. The security forces then hurled the students into buses which transported them to the capital under police escort. The students who contacted us and who belong to the "silent majority" affirmed that the situation had become intolerable at this college and that the students have lost all interest in pursuing their studies. What increased the decay of the situation was a "settlement of accounts" among some of the student groups which seemed to emerge and which many fear will continue and expand.

We contacted the "assistant dean" to get the news from the source (the dean was out of the country). However, he refused to provide us with any news, asking us instead to direct the questions in written form. He refused to mention even his name to us. Very courageous!!!

Similarly, a group of students at the college informed us that in the past few weeks the identity cards of a large number of students had been confiscated and that the students had been deprived of the rightful scholarships and studies.

CSO: 4504/353

UNITED ARAB EMIRATES

JABAL 'ALI INDUSTRIAL DEVELOPMENT

Dubayy AL-BAYAN in Arabic 1 May 82 p 2

[Article by Walid al-'Araidhah: "Dubayy Has Turned the Jabal 'Ali Area into an Important Industrial Center; the First Cable Factory of Its Kind in the Area"]

[Text] The UAE News Agency in a report broadcast yesterday, confirmed that the city of Dubayy, considered to be an important trade center in the Gulf area, has become one of the most important industrial centers as well, by concentration on industry in the Jabal 'Ali area, located 40 kms west of Dubayy.

For the past 7 years, the Jabal 'Ali area has represented the center of new industrial activity, since several factories and integrated projects have been established in this area, including the "DUBAL" aluminum smelter, the "DUGAS" liquified gas plant, the water desalinization state, electrical energy generators and the "DUKAB" cable factory.

Aside from these industrial establishments, there is the huge Jabal 'Ali port, which facilities import-export operations and provides a modern road network.

Among the important industrial projects in Jabal 'Ali is the Dubayy cable factory, the first of its kind in the Gulf region and the Middle East. It began operations in February 1978, and was officially opened by Shaykh Rashid Ibn Sa'id al-Maktum, the UAE vice president and prime minister, and the ruler of Dubayy, in November 1979.

This well-known plant called "DUKAB" was established with a joint capital of 60 million dirhams, split between the government of Dubayy and the British firm, B.I.C.C. Ltd. It is equipped with the most modern machinery to produce electrical cable and is designed to produce "L.X.M.B.I." insulated cable and B.F.C. insulated cable for power and general extensions, in accordance with British and German specifications.

The plant director, John Aldridge, indicated that DUKAB produces many types of wire cable, including 600 to 1000 volt power cable.

He said that the characteristics of insulated cable made it possible to carry consistently higher temperatures than ordinary cable. Therefore, this cable is very suitable for the hot climate in the UAE.

More than 100 persons are employed in the plant, including engineers, technicians and managers, working 24 hours a day, with an annual production capacity of 6500 tons, i.e., the equivalent of 3500 kms of various kinds and sizes of cabling.

This amount could be increased 70 percent, if the plant was further developed.

The plant director stressed that DUKAB was capable of covering all local consumer cable needs, but is currently exporting a large amount of the products to neighboring states, especially Saudi Arabia, Oman, Qatar, Jordan and some world capitals.

7005

CSO: 4404/471

UNITED ARAB EMIRATES

SUPPORT FOR SOUTHERN AFRICAN STRUGGLE PRAISED

Dubayy AL-BAYAN in Arabic 30 Apr 82 p 4

[Article: "Head of National Congress for South Africa Praised the UAE Efforts in Support of Its People's Struggle Against Racism"]

[Text] Oliver Tombo, chief of the African National Congress/South Africa ((ANC/SA)), praised the efforts of the UAE government in support of the South African people's struggle against racist apartheid, especially its role in increasing the oil and commercial boycott against the racist regime in South Africa.

Tombo, who is currently visiting the UAE and who held a press conference yesterday morning in the Abu Dhabi Hilton, expressed his hope that complete political, economic, military and cultural isolation of the racist regime would be achieved, so that it would collapse completely.

He stressed that the granting of more financial support for the military struggle in combatting terrorism and apartheid against the steadfast African people would have the best effect on achieving the final victory and returning stability and security to the neighboring countries.

He expressed his pleasure at being in the UAE, and he said: "In the Arab region, we fell at home since we are unified by the struggle against imperialism and Zionism, because the racist regime in South Africa is like another Israel and practices the ugliest forms of repression against black fighters in terrible prisons, where many of our people's sons are being detained who reject the racial discrimination and control."

Tombo said that the racist regime in South Africa is hostile to all African regimes and peoples, as a result of feelings of international political isolation. He added that last March's meeting of the African confrontation states surrounding South Africa was successful in coordinating the efforts of these states with the National Congress, in order to carry out the collective work with the SWAPO front, "in order to liberate our people from the tyrannical white minority rule, which has become a source of danger threatening neighboring states and stirring up domestic problems in them."

Regarding his and his delegation's discussions with Arab officials, especially in the Gulf states, he said that he found considerable support and that the contacts underway in the region were fruitful.

He mentioned that the ANC was the organization leading the military and political fight to build a democratic state in South Africa, liberated from racist apartheid. The delegation includes four members, including two members of the congress' executive committee.

The head of the ANC said that there were scores of leaders of the SWAPO front for the Liberation of Namibia in isolated prison camps, being subjected to torture and life imprisonment, despite the elderly and the many diseases from which most of them suffered, apart from the death sentences passed against scores of citizens without the least semblance of human rights to defend themselves.

He added that this horrible picture was like the one in which the Palestinian people lived in the occupied Arab territories, under the shadow of criminal Zionism, and that the minority white society is the political and economic power in South Africa. It only represents 4.5 million persons, whereas the black population is about 26 million, deprived of all political rights and in inhumane economic conditions.

He said that there were a number of white settlements with political and economic influence that have started to sympathize with the desires of the black majority to achieve a minimum of a just life and to establish a non-racist democratic state.

On the other hand, the delegation of the ANC/SA visited the AL-BAYAN building yesterday, where they toured the entire establishment. They took note of its modern equipment and work methods, and held a meeting with several officials. A dialogue was conducted about the latest developments in the South African national movement.

Oliver Tombo discussed the ANC's political and military struggle against the racist regime, calling for increased international isolation to be imposed upon Pretoria.

Tombo said that the purpose of his visit to the UAE was to gain more material and moral support for the ANC.

7005  
CSO: 4404/471

UNITED ARAB EMIRATES

TRADE AGREEMENT SIGNED WITH CYPRUS

Dubayy AL-BAYAN in Arabic 17 May 82 p 2

[Article: "Trade Agreement Between the UAE and Cyprus: Mutual Facilitations and Customs Exemptions"]

[Text] Abu Dhabi--AL BAYAN--The Bureau of Religious Legislation and Civil Legislation has completed study of a proposed trade agreement between the governments of the Cyprus Republic and the UAE.

This was announced by Khalifah al-'Aqrubi, deputy commissioner in the Ministry of Justice, Islamic Affairs and Religious Trusts.

The proposed agreement states that in their desire to strengthen and promote trade relations between their two countries on a basis of mutual respect and mutual benefit, the governments of Cyprus and the UAE have agreed on the following:

The two contracting parties will take all appropriate steps to facilitate and develop trade and economic relations between their two countries in accordance with the laws and regulations prevailing in the two countries.

The two contracting parties will each provide the other with most favored nation treatment with regard to customs duties, taxes and other expenses related to exports and imports between each of the two countries.

This treatment will not apply to privileges granted by one of the two contracting parties to a third nation for the sake of promoting international trade, or to privileges which the two contracting parties may grant within a customs union or free trade plan.

For the sake of achieving the development goals for the two countries the parties will facilitate participation of their organizations and corporations in the trade fairs and exhibitions that are held in their countries, the products for which, as well as the tools and equipment used in preparing the gatherings, will be temporarily exempted from customs duties.

For the sake of promoting trade between the two countries the contracting parties will encourage the chambers of commerce and industry to cooperate by

issuing visas to businessmen from one of the two countries who visit the other country and to use their good offices to smooth over any disputes that may arise from contracts concluded between real and legal persons in the two countries.

The two parties will make every effort to improve maritime contact between their two countries. Ships flying the flag of one of the two contracting parties, whether cargo-laden or empty, will, during their stay at or departure for the ports of the other party, enjoy the facilitations of most favored nation treatment provided by the laws and regulations of the other party to ships of any third party. This principle does not apply to ships operating in the field of coastal shipping.

The two parties will strive to encourage cooperation between tourist organizations in the two countries to serve the goals of trade. The two parties will meet alternately in Nicosia and Abu Dhabi to develop proposals for improving trade between the two countries.

9123

CSO: 4404/482

UNITED ARAB EMIRATES

ARTIFICIAL ISLANDS TO BE USED FOR PETROLEUM EXPLORATION, DRILLING

Dubayy AL-BAYAN in Arabic 16 May 82 p 2

[Article: "For the First Time In the Gulf: 2 Artificial Islands Will Be Built For Petroleum Exploration in the UAE At a Cost Of \$11 Million"]

[Text] For the first time in the Gulf oil fields the Abu Dhabi Land Operations Company, "ADCO," will begin work at the end of June on two new exploratory wells in the Abu Dhabi area using two artificial islands. The area of each island is 50,000 square meters.

Fathi Yahya, deputy director general of ADCO, said that the cost of building the two islands--al-Dab'iyah and Halat Hil--amounted to \$11 million. The first is about 56 km from Abu Dhabi, and the second about 100 km from Abu Dhabi. The distance between the two islands is approximately 73 km. He said that preparations had been completed for the al-Dab'iyah island in April while work on the other island will be completed early next month.

At a press conference held yesterday with regard to this Yahya explained that the two islands had been constructed from sand and rocks at the site of the two islands, and that they were being protected against sea currents and waves by a special kind of strong material, which also enables them to withstand the harsh weather conditions of the region. He said that a section of each island had been set aside to house the workers there, while the rest of the island would be used for drilling and work. A road 40 meters wide extends to the two regions, and there is a wharf 200 meters long and 80 meters wide for working. Each of the two islands rises about 4 meters above sea level.

ADCO's deputy director general also said that the use of artificial islands in oil exploration and exploitation was about half the cost of drilling on land. He explained that there are two methods of drilling for oil offshore. The first is to use a marine drilling platform on raised pillars. The other is to use land drilling equipment of an artificial island. He said that the first method requires the water to be more than 5 meters deep for the drilling platform to be operated, while the second method requires the depth to be less than 5 meters.

He pointed out that a steel pontoon 18 meters in length and manufactured in al-Shariqah had been set up at each of the two islands to be used as a marine platform.

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CSO: 4404/482

UNITED ARAB EMIRATES

BRIEFS

WHOLESALE PRICES DOWN--Prices of most raw materials and food items in Dubayy were stable during past weeks despite the fact that unstable international conditions have been reflected in world markets. Reports by the Dubayy Chamber of Commerce and Industry have attributed this to three factors: the strength of the dirham, ample stockpiles of all materials, and lower rates of reexportation. Prices of most kinds of rice have fallen in Dubayy's markets, as have sugar prices. Although this decrease is still at the wholesale level its effects are expected to soon reach the consumer. Wholesale sugar prices in Dubayy markets have fluctuated between 58 and 60 dirhams per 50 kg bag, while retail prices have ranged from 1.75 to 2.25 dirhams a kilo. Rice has ranged from 2.25 to 4 dirhams a kilo, depending on the variety. Flour has been between 1.5 and 1.75 dirhams a kilo. The reports attributed the drop in sugar prices in Dubayy markets to lower prices in world markets because of higher world production of this product and fixed rates of consumption. It should be noted that at the end of 1980 the price of sugar in London markets was 446 pounds sterling a ton because of fears that world production would fall. Since then the price of sugar has fallen to 130 pounds sterling per ton in the second half of last March. With regard to construction materials the local market has not been affected by the price increases in foreign markets, and the markets of Japan and the nations of the European economic community in particular. Steel prices have ranged from \$320 a ton for 6 mm bars, \$290 a ton for 8 mm bars, \$275 to \$277 a ton for 12 mm bars, and \$280 for 10 mm bars. In the local market the selling price of various kinds of formed and ordinary bars has ranged from 1,190 to 1,350 dirhams a ton. The price of cement has not changed, while the price of white wood is slightly higher in the local market because of lower supplies. The prices of red wood and (al-Miranty) red wood have not changed during the past few weeks. [Text] [Dubayy AL-BAYAN in Arabic 18 May 82 p 2] 9123

NEW ID CARD PROCEDURE--Sayf al-Jarwan, the minister of labor and social affairs, made a public ministerial decision yesterday to form committees to grant work permits in labor offices in al-'Ayn, al-Shariqah and Ra's al-Khaymah. The committee in the al-'Ayn labor office includes Hasan al-Shaykh as chairman, and 'Abd-al-Rahman al-Sha'ir, 'Abdallah 'Ilan and Muhammad al-Muqami as members. The committee in the Ra's al-Khaymah office includes 'Ali Salim al-Sharhan as chairman, and Ahmad Salim al-Sharhan and Sa'id 'Askar as members. According to the provisions of the decision these committees will have the task of investigating applications for individual

work permits submitted to them, and taking whatever action on them they deem appropriate: either approval, and issuing the permit; referring the application for further investigation; or rejecting the application if it is incomplete or no real need for the workers has been demonstrated. The decision specifies that these committees will take into consideration reports of the Labor Investigation Bureau on the extent of violations by the installation submitting the application, as well as a report on the amount of work. These committees will have the right to modify the investigation report by adding or withholding any documents submitted to them. The decision specifies that these committees will see to it that unused permits can be exchanged if the exchange request is submitted within 3 months of the date the permit was issued by the Bureau of Nationality and Immigration, and on condition that it is issued for an actual need that has already been determined. In such cases individual substitutions can be made. Requests for substitutions in discharging will be subject to evaluation by the committee and the actual labor requirements. The decision further specifies that each committee will carry out its work within the limits of the office's specific tasks. The meetings will be held in the office, and the committees will carry out their work on a specific schedule so that two of their members are present daily. Their two signatures on the work permit will suffice. This decision should be implemented as soon as it is issued and brought to the attention of those concerned.

[Text] [Dubayy AL-BAYAN in Arabic 18 May 82 p 2] 9123

INTERNATIONAL TRADE SHOWS--Throughout the remainder of this year Dubayy will see a great amount of economic and trade activity. Thirteen international trade fairs will be held here and delegations will arrive during the next few months. On 17 May a Taiwanese trade delegation will arrive in Dubayy for a 5-day visit during which they will hold an exhibition of Taiwanese industrial products at the Hyatt Regency Hotel. Two Spanish delegations will arrive in June and September. The first will be concerned with furniture and foodstuffs, while the second will be concerned with chemicals. Three exhibitions will be held during October. First will be the East German exhibition, to run from the 10th to the 21st at the Dubayy Chamber of Commerce and Industry. Next will be the Gulf Security Show at the Dubayy International Trade Center from 24 to 28 October. The International Model Home Exhibition will be held at the Hyatt Regency Hotel from 27 to 30 October. During November the Gulf Tourism Fair will be held from 8 to 11 October at the Dubayy International Trade Center, and from 18 to 21 October at the Dubayy Chamber of Commerce. It will run for a total of 8 days. A Spanish trade delegation will arrive during October to sell foodstuffs. The visit will last several days. The 1982 UAE International Fair will be held from 30 November to 10 December at the Dubayy International Trade Center. The Gulf Computer Show will open at the Dubayy International Trade Center on 14 December and will run for 2 days. On 15 December a Spanish trade delegation concerned with cloth and clothing will arrive in Dubayy on a visit to last several days. It should be noted that during the first 5 months of this year 9 international exhibitions have been held and 23 international trade delegations visited Dubayy to promote trade relations between Dubayy and their countries. [Text] [Dubayy AL-BAYAN in Arabic 18 May 82 p 2] 9123

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YEMEN ARAB REPUBLIC

NEW DEVELOPMENTS IN CONFLICT BETWEEN SANA, NDF

Beirut THE ARAB WORLD WEEKLY in English No 667, 8 May 82 pp 5-8

[Text] The Presidents of South Yemen and North Yemen met this week in the town of Taiz in a new attempt to improve their neighbourly relations and reach an agreement to put an end to the guerrilla activities of the Marxist-oriented National Democratic Front.

The meeting held this week between the two presidents in the town of Taiz, close to the border with South Yemen, after a new flare-up of violence between the government forces and the NDF guerrillas during which the latter reportedly downed two Soviet-made North Yemeni aircraft and achieved some victories by getting closer to the Sana region.

The resumption of fighting between the two sides jeopardized the agreement which was reached late last year between Presidents Ali Abdallah Saleh and Ali Nasser Mohammed on ways to achieve unification of the two Yemens. The fighting also marked the failure of efforts deployed by the Palestine Liberation Organization (PLO) to implement a ceasefire between the two sides in North Yemen.

The meeting between the two presidents denied speculations that the resumption of fighting between the government forces and the rebels would lead to a war between North and South Yemen, similar to the brief war which opposed the two countries in 1979. But it is too early to tell yet whether the agreement on unity agreed upon last December 1981 would reflect positively on the current situation. The December agreement between the two countries stated their intention to resolve difficulties obstructing unification of the two countries. A year before, however, another agreement was reached which stated that neither side would back military and political activity against the other. The agreement remained unpublished, however and the general impression among informed observers here is that Aden will not cease its support for the NDF rebels.

Aden's determination to maintain its support for the NDF has apparently prompted a toughening of the North Yemeni and Saudi positions. Saudi Arabia, which backs and assists North Yemen is categorically opposed to any participation by the NDF in the government, even in the region of Taiz which is almost completely under the NDF's control. In that region, the leftist oriented Front also enjoys the support of a number of independent tribes which reject

the authority of the Sana government. It is believed the Saudi government favours all-out war against the rebels and is ready to provide the financial backing for such an undertaking. Military support would also come from Jordan which has proposed to send military units to North Yemen to help the Sana forces against the rebels.

On the official level, Aden denies support for the NDF while Sana insists the Front does not exist except in South Yemeni propaganda. In a May 1 speech, South Yemen President Ali Nasser Mohammed attempts by "imperialism" to "provoke tensions and battles between the two parts of Yemen."

In North Yemen, President Ali Abdallah Saleh's inclination to follow a policy of compromise seems strongly opposed by the powers that support his regime and oppose his moves for a rapprochement with the NDF. On the other hand, President Saleh has tried to bring about a rapprochement with the NDF whose secretary general Sultan Omar he met with in Kuwait in 1979. A number of NDF leaders were also received in Sana and dialogue was initiated.

NDF Programme--A communique recently issued by the National Democratic Front of South Yemen recalled that dialogue between the two sides took place in June and July 1979, as well as the main points of the NDF programme which was drawn up on September 16, 1978 and discussed during the 1979 meetings.

The programme demands the following:

- 1) The end of "Saudi Arabia's reactionary interference in the affairs of the northern part of Yemen."
- 2) The formation of a national government which will prepare free parliamentary elections. The People's Council (parliament) will then form a national government.
- 3) The release of political prisoners and the return of displaced persons and refugees to their homes. The end of acts of repression.
- 4) Give all freedoms to the people.
- 5) The end of "barbaric military operations against the people in all regions and the return of the armed forces to their barracks."
- 6) The achievement of Yemeni unity in a democratic and peaceful way in accordance with the Cairo accord and the Tripoli communique.

The recent communique accused the Sana authorities of having simultaneously conducted dialogue with the NDF leaders and pursued its attacks against the NDF. It said that, at the time, the Sana government send the two thirds of its army against the NDF.

The communique went on to say that dialogue continued in December 1979 and January 1980 and ended with the signing of an agreement on January 31, 1980. It said that dialogue continued and that a new agreement was reached on June 28, 1981 and another one on August 7, 1981 after a visit by leaders of the NDF to Sana.

Concerning the August 1981 agreement, the NDF communique said that it stipulated the following:

- 1) A ceasefire to go into effect on August 10, 1981 with the following guarantees:
- 2) To put an end to the (government's) military campaign
- 3) The state will refrain from stationing its forces.
- 4) The Army is to be stationed where national defense requires.
- 5) The State is to stop pursuing, repressing and arresting citizens.
- 6) To put an end to activities of mercenaries
- 7) To return to dialogue and form a joint committee to supervise the implementation of this agreement and provide guarantees.
- 8) To ascertain that the two sides abide by the agreement of January 31, 1980.

The communique added that a number of other agreements were reached afterwards, on November 10, 1981 and afterwards in Kuwait and Aden. The communique further said that although the process will be a very long one, the NDF has already achieved two major gains: on the one hand, it has won the recognition of the Sana regime as a major political side. It noted that President Saleh has met with NDF leaders and received them at his table whereas in the past the front was considered as a gang of terrorists. The second achievement noted by the communique is recognition at the Arab and international levels.

PLO Mediation--The mediation undertaken earlier this year by the PLO arrived at a ceasefire agreement on April 3, 1982. But the fighting of the past two weeks led to its collapse. The NDF has accused Sana to have violated the ceasefire with support from Saudi Arabia.

Informed sources said that the main points of the agreement reached with the assistance of the PLO were the following:

- 1) On the military level: the agreement called for the formation of joint military committees between the government and the NDF and headed by a Palestinian officer, to supervise the ceasefire.
- 2) The formation of joint committees is to be followed by a disengagement of forces on the ground. The Army would pull back and return to its barracks and the NDF will remove military manifestations and appearances.
- 3) After disengagement, the North Yemeni official authority will be restored over the region controlled by the NDF, in cooperation with the latter.
- 4) On the political level: political dialogue will begin between the two sides, under sponsorship from the PLO and South Yemen. The purpose being to ensure NDF participation in power, but in such a way as not to antagonize

sides opposed to the NDF such as the fundamentalist movements in Sana and the Saudi government.

The mediation reportedly failed, said the sources, because Saudi Arabia is reported opposed to any dialogue and mediation in which it would not be a direct party. On the other hand, the general feeling in Saudi official circles was that in the final analysis, the mediation as it was proceeding was favourable to South Yemen which was set as a neutral side.

2) Intervention has reportedly come from Libya which supplied the NDF with weapons late last year, following the escalation of its conflict with Saudi Arabia. Libya addressed messages to Ali Abdallah Saleh warning him of Saudi "ambitions" in North Yemen. Conflict erupted between Libya and Saudi Arabia following the sale of US AWACS to Riyadh.

3) The Sana-NDF conflict also suffers from the impact of the Gulf war particularly because states opposing Iraq and backing Iran have used the situation in North Yemen to try and bring pressure to bear on Saudi Arabia for an end of its support and assistance to Iraq.

4) Opposition to the NDF has increased in North Yemeni fundamentalist circles following the Hama incidents in Syria. In addition, a strain has developed between Sana and Damascus over the fact that fundamentalist groups in North Yemen have campaigned against Syria for its handling of the Hama situation. The Moslem Brotherhood is influential in North Yemen. The M.B. has also asked the PLO to end its mediation, strong pressures were reportedly exerted against the PLO.

5) Saudi Arabia has informed Sana of its preference for a military settlement of the conflict with the NDF, the sources said. Jordan, on the other hand, has offered its military assistance, to be paid for by Riyadh. But North Yemeni President Saleh has expressed reluctance at the idea of a military solution by fear that it would, in the final analysis, cost him his regime.

6) Meanwhile, five leftist groups member of the NDF have decided to constitute a party, the Yemeni Popular Union Party.

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YEMEN ARAB REPUBLIC

BRIEFS

OUTGOING OMANI ENVOY--YAR Prime Minister 'Abd al-Karim al-'Iryani today received Omani ambassador to YAR 'Abdallah Sa'd Rashid at the conclusion of his tour. [GF101347 San'a' Domestic Service in Arabic 1200 GMT 10 Jun 82 GF]

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END